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Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490





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Form 990

Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except 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](http://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

LANCASTER GENERAL HOSPITAL

Doing Business As

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

Room/suite

555 North Duke Street

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

Lancaster, PA 17604

F Name and address of principal officer

DENNIS ROEMER EVP & CFO

555 North Duke Street

Lancaster, PA 17604

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 LGHEALTH ORG

K Form of organization

☒ Corporation

☐ Trust

☐ Association

☐ Other

L Year of formation 1893

M State of legal domicile PA

Part I	Summary																																
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>TO ADVANCE THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE</div></div>																																
	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>																																
	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>15</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>14</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>5</td><td>5,659</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>6</td><td>570</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>6,336,128</td></tr><tr><td>b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>835,262</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	3	15	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	5,659	6	Total number of volunteers (estimate if necessary)	6	570	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	6,336,128	b	Net unrelated business taxable income from Form 990-T, line 34	7b	835,262								
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Revenue	<table><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td>Prior Year</td><td>Current Year</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td>5,027,737</td><td>1,572,080</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d )</td><td>781,022,873</td><td>823,436,702</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>1,868,622</td><td>1,651,839</td></tr><tr><td>12</td><td>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td>39,188,733</td><td>43,737,091</td></tr><tr><td></td><td></td><td>827,107,965</td><td>870,397,712</td></tr></table>	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	9	Program service revenue (Part VIII, line 2g)	5,027,737	1,572,080	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d )	781,022,873	823,436,702	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,868,622	1,651,839	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	39,188,733	43,737,091			827,107,965	870,397,712								
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Expenses	<table><tr><td>13</td><td>Grants and similar amounts paid (Part IX, column (A), lines 1–3 )</td><td>3,505,637</td><td>3,447,715</td></tr><tr><td>14</td><td>Benefits paid to or for members (Part IX, column (A), line 4)</td><td>0</td><td>0</td></tr><tr><td>15</td><td>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td>398,729,504</td><td>433,667,689</td></tr><tr><td>16a</td><td>Professional fundraising fees (Part IX, column (A), line 11e)</td><td>35,100</td><td>250</td></tr><tr><td>b</td><td>Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/>1,252,579</td><td></td><td></td></tr><tr><td>17</td><td>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td>332,278,899</td><td>356,889,206</td></tr><tr><td>18</td><td>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td>734,549,140</td><td>794,004,860</td></tr><tr><td>19</td><td>Revenue less expenses Subtract line 18 from line 12</td><td>92,558,825</td><td>76,392,852</td></tr></table>	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3 )	3,505,637	3,447,715	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	398,729,504	433,667,689	16a	Professional fundraising fees (Part IX, column (A), line 11e)	35,100	250	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 1,252,579			17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	332,278,899	356,889,206	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	734,549,140	794,004,860	19	Revenue less expenses Subtract line 18 from line 12	92,558,825	76,392,852
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Part II

Signature Block

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

Sign Here

Signature of officer

DENNIS ROEMER EVP & CFO

Type or print name and title

2015-05-07

Date

Prnt/Type preparer's name

Firm's name

Firm's address

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's EIN

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes

☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

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

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

2

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

☐ Yes ☒ No

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

3

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

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code ) (Expenses \$ 116,180,054 including grants of \$ ) (Revenue \$ 182,724,432 )

SURGICAL SERVICES (29,193 ENCOUNTERS)

4b

(Code ) (Expenses \$ 110,109,331 including grants of \$ ) (Revenue \$ 171,950,364 )

NURSING SERVICES (150,742 PATIENT DAYS)

4c

(Code ) (Expenses \$ 65,343,423 including grants of \$ ) (Revenue \$ 64,998,904 )

PHARMACY (15,510,838 SERVICES)

(Code ) (Expenses \$ 296,435,867 including grants of \$ 3,447,715 ) (Revenue \$ 399,601,270 )

ALL OTHER PROGRAM SERVICES, INCLUDING BUT NOT LIMITED TO, LABORATORY, RADIOLOGY, EMERGENCY MEDICINE, EDUCATION, AND PHYSICAL MEDICINE AND REHABILITATION LGH OPERATES AN EMERGENCY ROOM (ER) THAT IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY THE EMERGENCY ROOM HAD A TOTAL OF 111,023 VISITS DURING FISCAL YEAR 2014 TOTAL PATIENT DAYS FOR THE FISCAL YEAR WERE 153,112 MEDICARE AND MEDICAID PATIENTS CONTRIBUTED 16,174 AND 6,294, RESPECTIVELY, TOWARDS THE 35,988 TOTAL INPATIENT DISCHARGES DURING THE FISCAL YEAR

4d

Other program services (Describe in Schedule O )

(Expenses \$ 296,435,867 including grants of \$ 3,447,715 ) (Revenue \$ 399,601,270 )










4e

Total program service expenses

588,068,675

Form 990 (2013)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d	No
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 Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30	Yes	
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	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)?	Yes	
b	If "Yes," enter the name of the foreign country: CJ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	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?	Yes	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	15	
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	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
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	Yes
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	No
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
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	No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	15a	Yes
b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	PA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input checked="" type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization Dennis Roemer EVP & CFO   555 North Duke Street Lancaster, PA   17604   (717) 544-4926	



**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

[illegible]

## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	14,640,405	0	1,817,232

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 424

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

## **Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
BENCHMARK CONSTRUCTION PO BOX 806 BROWNSTOWN PA 17508	CONSTRUCTION	25,355,587
LINKEHR 5520 NOBEL DRIVE SUITE 125 FITCHBURG WI 53711	HEALTHCARE TECHNOLOGY	4,346,510
CORESOURCE PO BOX 83301 LANCASTER PA 176083301	HEALTH BENEFITS ADMINISTRATION	3,314,742
EPIC SYSTEMS CORP PO BOX 88314 MILWAUKEE WI 532880314	HEALTHCARE TECHNOLOGY	3,296,617
JUDGE INC 300 CONSHOHOKEN STATE ROAD WEST CONSHOHOKEN PA 19428	CONSULTING	3,164,590

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 207

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 . . . . .	1a216,750			
	b	Membership dues . . . . .	1b			
	c	Fundraising events . . . . .	1c14,730			
	d	Related organizations . . . . .	1d65,616			
	e	Government grants (contributions)	1e107,906			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f1,167,078			
	g	Noncash contributions included in lines 1a-1f \$	9,299			
	h	Total. Add lines 1a-1f . . . . .	1,572,080			
Program Service Revenue	Business Code					
	2a	OTHER NET PATIENT REVENUE	900099543,148,369	539,480,380	3,667,989	
	b	MEDICARE/MEDICAID NET PATIENT REVENUE	900099317,306,601	317,306,601		
	c	CAPITATION REVENUE	900099382,020	382,020		
	d	PROVISION FOR BAD DEBT	900099-41,180,000	-41,180,000		
	e	RENT REVENUE FROM AFFILIATES	9000992,850,082	2,850,082		
	f	All other program service revenue	929,630	927,796	1,834	0
	g	Total. Add lines 2a-2f . . . . .	823,436,702			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	1,396,257			1,396,257
	4	Income from investment of tax-exempt bond proceeds . . . . .	0			
	5	Royalties . . . . .	0			
	(i) Real		(ii) Personal			
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)	00			
	d	Net rental income or (loss) . . . . .	0			
	(i) Securities		(ii) Other			
	7a	Gross amount from sales of assets other than inventory	194,354,506			
	b	Less cost or other basis and sales expenses	194,098,924			
	c	Gain or (loss)	255,5820			
	d	Net gain or (loss) . . . . .	255,582			255,582
	8a	Gross income from fundraising events (not including \$ 14,730 of contributions reported on line 1c) See Part IV, line 18 . . . . .	a200,996			
	b	Less direct expenses . . . . .	b99,617			
	c	Net income or (loss) from fundraising events . . . . .	101,379			101,379
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a			
	b	Less direct expenses . . . . .	b			
	c	Net income or (loss) from gaming activities . . . . .	0			
	10a	Gross sales of inventory, less returns and allowances . . . . .	a			
	b	Less cost of goods sold . . . . .	b			
	c	Net income or (loss) from sales of inventory . . . . .	0			
	Miscellaneous Revenue		Business Code			
	11a	SALE OF SERVICES	54190010,322,511	7,689,751	2,632,760	
	b	MEDICAL SERVICES REVENUE	9000999,039,689	9,039,689		
	c	RENTAL REVENUE	5311904,980,738			4,980,738
	d	All other revenue . . . . .	19,292,774	14,738,218	33,545	4,521,011
	e	Total. Add lines 11a-11d . . . . .	43,635,712			
	12	Total revenue. See Instructions . . . . .	870,397,712	851,234,537	6,336,128	11,254,967

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.	3,404,715	3,404,715		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	43,000	43,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	9,479,823		9,479,823	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	312,169,001	231,635,241	79,847,285	686,475
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	48,935,627	36,994,438	11,831,552	109,637
9	Other employee benefits.	41,267,300	26,989,277	14,205,800	72,223
10	Payroll taxes.	21,815,938	15,861,018	5,914,633	40,287
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	642,126		642,126	
c	Accounting.	163,052		163,052	
d	Lobbying.	43,350		43,350	
e	Professional fundraising services. See Part IV, line 17.	250			250
f	Investment management fees.	70,411		70,411	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	33,598,124	11,686,269	21,910,221	1,634
12	Advertising and promotion.	2,500,997	2,497,747		3,250
13	Office expenses.	30,085,864	9,742,379	20,280,896	62,589
14	Information technology.	18,096,962	13,264	18,083,674	24
15	Royalties.	0			
16	Occupancy.	19,169,616	16,244,923	2,914,915	9,778
17	Travel.	1,384,656	606,199	758,339	20,118
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	8,194,320	8,194,320		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	50,432,939	21,824,098	28,605,217	3,624
23	Insurance.	3,649,699	48,792	3,600,907	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	PURCHASED SERVICES	33,467,239	18,851,773	14,557,987	57,479
b	BAD DEBT (NON-PATIENT)	9,290	19,528	-10,238	
c	MGMT FEE	1,037,737		1,037,737	
d	MED/SURG SUPPLY	154,233,455	149,035,979	5,193,774	3,702
e	All other expenses	109,369	34,375,715	-34,447,855	181,509
25	Total functional expenses. Add lines 1 through 24e.	794,004,860	588,068,675	204,683,606	1,252,579
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).	0			

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		25,155	1	24,780
	2	Savings and temporary cash investments		33,329,579	2	45,329,355
	3	Pledges and grants receivable, net		4,030,204	3	2,270,937
	4	Accounts receivable, net		91,724,369	4	99,833,646
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		1,912,714	7	2,262,075
	8	Inventories for sale or use		12,150,409	8	14,092,163
	9	Prepaid expenses and deferred charges		9,944,309	9	11,960,910
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a996,514,446			
	b	Less accumulated depreciation	10b533,458,336	475,597,620	10c	463,056,110
	11	Investments—publicly traded securities		87,837,224	11	70,933,939
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		41,352,931	15	30,522,596
	16	Total assets. Add lines 1 through 15 (must equal line 34)		757,904,514	16	740,286,511
Liabilities	17	Accounts payable and accrued expenses		64,039,458	17	67,496,460
	18	Grants payable			18	
	19	Deferred revenue		1,147,408	19	1,658,672
	20	Tax-exempt bond liabilities		222,110,907	20	217,405,359
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		39,747,120	25	36,857,895
	26	Total liabilities. Add lines 17 through 25		327,044,893	26	323,418,386
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		413,443,410	27	397,604,458
	28	Temporarily restricted net assets		9,796,319	28	10,937,330
	29	Permanently restricted net assets		7,619,892	29	8,326,337
	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		430,859,621	33	416,868,125
	34	Total liabilities and net assets/fund balances		757,904,514	34	740,286,511

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	870,397,712
2	Total expenses (must equal Part IX, column (A), line 25)	2	794,004,860
3	Revenue less expenses Subtract line 2 from line 1	3	76,392,852
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	430,859,621
5	Net unrealized gains (losses) on investments	5	978,452
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-91,362,800
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	416,868,125

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes
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



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			
JAY R BUCHER	50 00									
VP Development & President Lancaster General Health Foundation	4 00			X				308,158	0	29,567
JOSEPH A PUSKAR	55 00									
SVP, Customer Support Services	2 00			X				329,323	0	35,314
JUDI L BRENDLE	55 00									
VP, Nursing	0			X				278,135	0	32,606
KAREN FLAHERTY OXLER	55 00									
SVP Hospital Ops/Nurse Exec	4 00			X				359,382	0	14,470
KAY BRADY	55 00									
VP, Human Resources	2 00			X				187,326	0	22,233
LEE M DUKE II MD	55 00									
SVP and Chief Physician Executive	4 00			X				620,534	0	136,927
LISA R HESS	55 00									
VP, Marketing and Relationship Management	2 00			X				214,485	0	18,400
MARGARET F COSTELLA ESQ	55 00									
VP, Legal Services and Assistant Secretary	12 00			X				264,627	0	16,507
MARION A MCGOWAN RN	55 00									
President of Lancaster General Hospital and President of LG Health Innovation, Inc	8 00			X				717,678	0	40,228
MARY B MISKEY	55 00									
VP, Human Resources Operations	2 00			X				209,417	0	19,470
NORMA J FERDINAND	55 00									
SVP, Chief Quality Officer	2 00			X				421,990	0	104,818
REGINA M MINGLE	55 00									
SVP and Chief Leadership Officer	4 00			X				481,327	0	109,054
RICHARD D PAOLETTI	55 00									
VP, Operations	0			X				267,432	0	30,998
ROBERT P MACINA ESQ	55 00									
SVP, Chief Administrative/Legal Officer and Corporate Secretary	18 00			X				520,452	0	119,713
STACEY G YOUCIS	55 00									
Sr Service Line Executive	0			X				291,077	0	34,102
SUSAN WYNNE	55 00									
SVP, Business Development-Ambulatory Services	2 00			X				389,965	0	52,547
TIMOTHY C ZELLERS	55 00									
Executive Director Lancaster Heart & Vascular Institute	2 00			X				215,781	0	27,285
FREDERICK B ROGERS	50 00									
Medical Director Trauma	0					X		730,600	0	28,212
JAMES KU	50 00									
Medical Directory Health Weight Mgmt	0					X		649,309	0	27,577
JEFFREY T COPE MD	50 00									
Cardiothoracic Surgeon	0					X		729,075	0	27,577
MARK W BURLINGAME MD	50 00									
Cardiothoracic Surgeon	0					X		738,189	0	25,781
PHILIP BAYLISS	50 00									
Medical Director	0					X		600,916	0	36,081



2013

Open to Public Inspection

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](http://www.irs.gov/form990).

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

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I 

b

☐

Type II 

c

☐

Type III - Functionally integrated 

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6 )						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE 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  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

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

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

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ 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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)		(b)
		Yes	No	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)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		16,130
e	Publications, or published or broadcast statements?	Yes		6,349
f	Grants to other organizations for lobbying purposes?	Yes		43,350
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		33,184
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		122,095
i	Other activities?	Yes		794
j	Total. Add lines 1c through 1i.			221,902
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 720 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, Description of the activities reported on Lines 1a through 1i.	LANCASTER GENERAL HOSPITAL ATTEMPTED TO INFLUENCE FOREIGN, NATIONAL, STATE OR LOCAL LEGISLATION, INCLUDING ANY ATTEMPT TO INFLUENCE PUBLIC OPINION ON A LEGISLATIVE MATTER OR REFERENDUM, THROUGH THE USE OF MAILINGS, PUBLICATIONS, GRANTS, DIRECT CONTACT, AND RALLIES, DEMONSTRATIONS, SEMINARS, CONVENTIONS, SPEECHES, LECTURES, OR OTHER SIMILAR MEANS.

[illegible]



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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

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

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

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

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

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

	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
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	7,281,454	6,539,376	6,668,815	5,092,445	4,542,077
b Contributions	130,679	68,821	141,048	750,733	5,720
c Net investment earnings, gains, and losses	1,101,078	703,460	216,509	929,316	555,097
d Grants or scholarships	0				
e Other expenditures for facilities and programs	151,951	31,483	486,960	105,106	11,892
f Administrative expenses	-155	-1,280	36	-1,427	-1,443
g End of year balance	8,361,415	7,281,454	6,539,376	6,668,815	5,092,445

- 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 63 000 %

c

Temporarily restricted endowment 37 000 %

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

No

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		35,964,936		35,964,936
b Buildings		408,793,749	166,685,275	242,108,474
c Leasehold improvements		16,599,773	11,155,870	5,443,903
d Equipment		434,888,077	296,878,257	138,009,820
e Other		100,267,911	58,738,934	41,528,977
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				463,056,110

Schedule D (Form 990) 2013



**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.

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	779,942,953
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12	<b>2e</b>	-90,454,759
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	978,452
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	-91,433,211
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	-90,454,759
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	870,397,712
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>	<b>4c</b>	0
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	870,397,712

**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.

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	793,934,449
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25	<b>2e</b>	0
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	0
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	793,934,449
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :	<b>4c</b>	70,411
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	794,004,860

**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, Part V, Line 4, Intended uses of endowment funds	LANCASTER GENERAL HOSPITAL UTILIZES THE ENDOWMENT FUNDS IN ACCORDANCE WITH THEIR TAX-EXEMPT PURPOSE AND AS SPECIFIED BY DONOR
Schedule D, Part X, Line 2, FIN 48 (ASC 740) footnote	LANCASTER GENERAL HOSPITAL FOLLOWS THE ACCOUNTING GUIDANCE FOR UNCERTAINTIES IN INCOME TAX POSITIONS WHICH REQUIRES THAT A TAX POSITION BE RECOGNIZED OR DERECOGNIZED BASED ON A "MORE LIKELY THAN NOT" THRESHOLD. THIS APPLIES TO POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. LANCASTER GENERAL HOSPITAL DOES NOT BELIEVE ITS CONSOLIDATED FINANCIAL STATEMENTS INCLUDE ANY MATERIAL UNCERTAIN TAX POSITIONS.
Schedule D, Part XI, Line 2d, Other revenues in audited financial statements not in form 990	RELATED PARTY TRANSFERS - -93208008, PERPETUAL TRUST DISTRIBUTIONS - 61675, CHANGE IN INTEREST IN LG-TRNA - 332021, OTHER NON OPERATING INCOME - 1451512, INVESTMENT MANAGER FEES - -70411,

[illegible]

SCHEDULE G  
(Form 990 or 990-EZ)

Supplemental Information Regarding  
Fundraising or Gaming Activities

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Fundraising Activities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 17.  
Form 990-EZ filers are not required to complete this part.

- 1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a ☐ Mail solicitations

e ☐ Solicitation of non-government grants

b ☐ Internet and email solicitations

f ☐ Solicitation of government grants

c ☐ Phone solicitations

g ☐ Special fundraising events

d ☐ In-person solicitations
- 2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?
- ☐ Yes ☐ No
- b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total . . . . . ▶						

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

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

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
			<u>WOMEN'S EXPRESSION</u>	<u>WINE GALA</u>	<u>0</u>	(add col (a) through col (c))	
			(event type)	(event type)	(total number)		
1	Gross receipts	. . .	114,995	100,731		215,726	
2	Less Contributions	. .	8,030	6,700		14,730	
3	Gross income (line 1 minus line 2)	. . .	106,965	94,031	0	200,996	
Direct Expenses	4	Cash prizes	. . .			0	
	5	Noncash prizes	. .		9,017	9,017	
	6	Rent/facility costs	. .	13,682	2,433	16,115	
	7	Food and beverages	.	25,082	21,710	46,792	
	8	Entertainment	. . .	4,675		4,675	
	9	Other direct expenses	.	10,541	12,477	23,018	
	10	Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶					(99,617)
	11	Net income summary Subtract line 10 from line 3, column (d) . . . . . ▶					101,379

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

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

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

a Is the organization licensed to operate gaming activities in each of these states? . . . . .

☐ Yes ☐ No

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

\_\_\_\_\_

\_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? . . . . .

☐ Yes ☐ No

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

\_\_\_\_\_

\_\_\_\_\_

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

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



13	Indicate the percentage of gaming activity operated in		
a	The organization's facility	13a	%
b	An outside facility	13b	%

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

Name  \_\_\_\_\_

Address  \_\_\_\_\_

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

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


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

Name  \_\_\_\_\_

Address  \_\_\_\_\_

16 Gaming manager information

Name  \_\_\_\_\_


Gaming manager compensation  \$ \_\_\_\_\_

Description of services provided  \_\_\_\_\_

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Return Reference	Explanation
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SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.  
► 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  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			8,721,590	0	8,721,590	1 100 %
b Medicaid (from Worksheet 3, column a) . . . . .			62,018,857	0	62,018,857	7 810 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			0	0	0	0 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .	0	0	70,740,447	0	70,740,447	8 910 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			3,608,925	1,200,854	2,408,071	0 300 %
f Health professions education (from Worksheet 5) . . . .			12,523,734	1,807,667	10,716,067	1 350 %
g Subsidized health services (from Worksheet 6) . . . .			279,395	88,814	190,581	0 020 %
h Research (from Worksheet 7)			0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			524,714	0	524,714	0 070 %
j <b>Total</b> Other Benefits . . . .	0	0	16,936,768	3,097,335	13,839,433	1 740 %
k <b>Total.</b> Add lines 7d and 7j . .	0	0	87,677,215	3,097,335	84,579,880	10 650 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing					0	0 %
2Economic development					0	0 %
3Community support					0	0 %
4Environmental improvements					0	0 %
5Leadership development and training for community members					0	0 %
6Coalition building					0	0 %
7Community health improvement advocacy			245,888	0	245,888	0 030 %
8Workforce development					0	0 %
9Other			1,500,000	0	1,500,000	0 180 %
10Total	0	0	1,745,888	0	1,745,888	0 220 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

Yes

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

241,180,000

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

30

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

Section B. Medicare

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

5275,853,139

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

6351,062,376

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

7-75,209,237

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

☒ Cost accounting system

☐ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9aYes

Yes

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

9b

No

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
2

Name, address, primary website address, and state license number

												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

A

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

1

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

Part V

Facility Information (continued)

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

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

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

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

**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.

[illegible]

**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? **12**

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



**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
SCHEDULE H, PART I, LINE 3C, FEDERAL POVERTY GUIDELINES	LANCASTER GENERAL HOSPITAL FOLLOWS THE FEDERAL POVERTY GUIDELINES FOR FREE CARE AND DISCOUNTED CARE

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 5B, FREE OR DISCOUNTED CARE BUDGET	LANCASTER GENERAL HOSPITAL'S FINANCIAL ASSISTANCE EXPENSES OF \$23,601,017 PROVIDED UNDER ITS CHARITY CARE POLICY WAS UNDER ITS BUDGETED AMOUNT OF \$23,726,570 BY \$125,553 THE PRIOR YEAR EXPENSES WERE \$21,485,264

Form and Line Reference	Explanation
Schedule H, Part I, Line 6a, Community benefit report prepared by related organization	LANCASTER GENERAL HEALTH

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 6A, COMMUNITY BENEFIT REPORT	LANCASTER GENERAL HOSPITAL'S COMMUNITY BENEFIT REPORT IS A REPORT DISTINCT FOR THIS ORGANIZATION

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 6B, COMMUNITY BENEFIT REPORT	LANCASTER GENERAL HOSPITAL MAKES AVAILABLE TO THE PUBLIC AN ANNUAL REPORT WHICH INCLUDES INFORMATION ABOUT COMMUNITY BENEFIT AND HEALTH EFFORTS

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, Costing Methodology used to calculate financial assistance	A COST ACCOUNTING SYSTEM WAS USED TO CALCULATE THE COST TO CHARGE RATIO BY CALCULATING TOTAL PATIENT CHARGES AND THE COSTS RELATED TO THESE CHARGES THIS SYSTEM ADDRESSES ALL PATIENT SEGMENTS PART I, LINE 7A, COLUMN C - FINANCIAL ASSISTANCE AT COST WAS CALCULATED USING THE COST ACCOUNTING SYSTEM COST TO CHARGE RATIO

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7, PERCENT OF TOTAL EXPENSE	THE FUNCTIONAL EXPENSE IS POPULATED FROM FORM 990, PART IX, LINE 25

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, col(f), Bad Debt Expense excluded from financial assistance calculation	0



Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7G, SUBSIDIZED HEALTH SERVICES	SUBSIDIZED HEALTH SERVICES REPORTED INCLUDES A COMPREHENSIVE CARE CLINIC

Form and Line Reference	Explanation
Schedule H, Part II, Community Building Activities	PART II, LINE 7, COMMUNITY HEALTH IMPROVEMENT ADVOCACY INCLUDES SALARIES FOR FINANCIAL COUNSELORS WHO DISCUSS ELIGIBILITY AND REGISTER PATIENTS FOR ALL GOVERNMENTAL AND FINANCIAL ASSISTANCE PROGRAMS PART II, LINE 9, OTHER - INCLUDES PAYMENTS TO THE SCHOOL DISTRICT OF LANCASTER (EIN# 23-1726414) WHICH PROVIDES FUNDING FOR SCHOOL BASED HEALTH CLINICS AS WELL AS NURSING STAFFING TO PROMOTE THE HEALTH AND WELL-BEING OF SCHOOL AGED CHILDREN

Form and Line Reference	Explanation
Schedule H, Part III, Line 2, Bad debt expense - methodology used to estimate amount	LANCASTER GENERAL HOSPITAL RECOGNIZES BAD DEBT EXPENSE AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL EXPERIENCE FOR BOTH THIRD-PARTY PAYERS AND SELF PAY MANAGEMENT REGULARLY EVALUATES PATIENT ACCOUNT HISTORY IN DETERMINING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS PATIENT ACCOUNTS RECEIVABLE ARE CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN MANAGEMENT DETERMINES THAT RECOVERY IS UNLIKELY AND COLLECTION EFFORTS CEASE LOSSES HAVE BEEN CONSISTENT WITH MANAGEMENT'S EXPECTATIONS

Form and Line Reference	Explanation
Schedule H, Part III, Line 3, Bad Debt Expense Methodology	AMOUNT IS ZERO BECAUSE THESE ACCOUNTS WOULD NOT BE INCLUDED AS BAD DEBT BUT WOULD BE INCLUDED AS CHARITY CARE

Form and Line Reference	Explanation
Schedule H, Part III, Line 4, Bad debt expense - financial statement footnote	BAD DEBT IS EXPLAINED WITHIN THE NET PATIENT SERVICE REVENUE SECTION OF THE NOTES TO FINANCIAL STATEMENTS ON PAGE 14 OF LANCASTER GENERAL HOSPITAL'S ATTACHED AUDITED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
Schedule H, Part III, Line 8, Community benefit & methodology for determining medicare costs	A HIGHLY DEVELOPED COST ACCOUNTING SYSTEM WAS USED IN ORDER TO ATTAIN MORE PRECISE AMOUNTS REPORTED ON FORM 990, SCHEDULE H, PART III, SECTION B, LINES 5 AND 6 RATHER THAN AMOUNTS FROM LANCASTER GENERAL HOSPITAL'S MEDICARE COST REPORT FOR FISCAL YEAR 2014 THE \$75,209,237 REPORTED AS A SHORTFALL ON LINE 7 SHOULD BE TREATED AS COMMUNITY BENEFIT AS IT REPRESENTS COSTS NOT RECOVERED AS A RESULT OF SERVING THE MEDICARE POPULATION IF LANCASTER GENERAL HOSPITAL WOULD NOT SERVE THIS POPULATION, THE SHORTFALL WOULD BE ALLOCATED WITHIN THE COMMUNITY IN AREAS DEEMED A PRIORITY BY THE MISSION & COMMUNITY BENEFIT COMMITTEE THE TOTAL REVENUE REPORTED ON THE MEDICARE COST REPORT WAS \$162,420,823 AND INCLUDES BAD DEBT, INDIRECT MEDICAL EDUCATION (IME) PAYMENTS, COINSURANCES, AND DEDUCTIBLES DIRECT GRADUATE MEDICAL EDUCATION (GME) REVENUE IS REPORTED ON SCHEDULE H, PART I, LINE 7F, HEALTH PROFESSIONS EDUCATION AND THEREFORE IS EXCLUDED FROM THIS AMOUNT THE TOTAL EXPENSE REPORTED ON THE MEDICARE COST REPORT WAS \$135,751,987 PHYSICIAN, CRNA, AND LABORATORY SERVICES REVENUE AND EXPENSE RELATED TO THESE SERVICES ARE REMOVED FROM THE MEDICARE COST REPORT PHYSICIAN, CRNA, AND LABORATORY SERVICES REVENUE AND EXPENSE ARE INCLUDED IN THE AMOUNT REPORTED ON SCHEDULE H, PART III, SECTION B, LINE 7 DERIVED FROM THE COST ACCOUNTING SYSTEM

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 9B, COLLECTION PRACTICES	LANCASTER GENERAL HOSPITAL'S CURRENT COLLECTION POLICY DOES NOT CONTAIN PROVISIONS ON THE COLLECTION PRACTICES TO FOLLOW FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, LINE 5A, COMMUNITY HEALTH NEEDS ASSESSMENT	THE COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE FOUND IN THE "ABOUT US" SECTION ON THE FACILITY'S WEBSITE WWW.LGHEALTH.ORG



Form and Line Reference	Explanation
SCHEDULE H, PART VI, ADDITIONAL EXPLANATION	LANCASTER GENERAL HOSPITAL PROVIDED FINANCIAL SUPPORT TO THE CITY OF LANCASTER (EIN 23-6001904) IN THE AMOUNT OF \$1,380,000 THESE FUNDS PROVIDED ASSISTANCE TO THE CITY FOR SPECIAL EVENTS AND ITS POLICE, FIRE, AND PUBLIC WORKS SERVICES

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

Form and Line Reference	Explanation
Schedule H, Part VI, Line 3, Patient education of eligibility for assistance	NOTICES OF AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE ARE POSTED AT PATIENT REGISTRATION POINTS THROUGHOUT THE ORGANIZATION AND PRESENTED TO CUSTOMERS UPON REQUEST AS WELL AS LISTED ON THEIR BILL SUMMARY INFORMATION IS ALSO AVAILABLE ON THE LANCASTER GENERAL HEALTH WEBSITE A FINANCIAL COUNSELOR WILL ATTEMPT TO VISIT ALL INPATIENTS WHO PRESENT AS UNINSURED TO DISCUSS ELIGIBILITY FOR ALL GOVERNMENTAL PROGRAMS AND FINANCIAL ASSISTANCE PROGRAMS

Form and Line Reference	Explanation
Schedule H, Part VI, Line 4, Community Information	LANCASTER GENERAL HOSPITAL'S PRIMARY AND SECONDARY SERVICE AREAS COMPRISE ALL OF LANCASTER COUNTY, PENNSYLVANIA LGH ALSO SERVES PATIENTS IN BERKS, CHESTER, DAUPHIN, LEBANON, AND YORK COUNTIES LOCATED IN SOUTH CENTRAL PENNSYLVANIA, LANCASTER COUNTY IS 950 SQUARE MILES IN SIZE AND IS HOME TO 534,130 PEOPLE ABOUT 16 4% OF THE POPULATION IS OVER THE AGE OF 64, 51 1% OF THE POPULATION IS FEMALE THE MEDIAN INCOME IS \$56,243, AND 10 3% OF THE POPULATION LIVES BELOW THE FEDERAL POVERTY LEVEL LANCASTER GENERAL HOSPITAL'S MARKET SHARE IN LANCASTER COUNTY IS APPROXIMATELY 57 4%

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5, Promotion of community health	LANCASTER GENERAL HOSPITAL IS GOVERNED BY A 15-MEMBER BOARD OF TRUSTEES, INCLUDING 13 COMMUNITY MEMBERS AND THREE PHYSICIANS WHO ALL RESIDE IN OUR PRIMARY OR SECONDARY SERVICE AREAS THEY VOLUNTEER THEIR PROFESSIONAL TIME AND EXPERTISE TO GUIDE THE HOSPITAL ALL TRUSTEES ANNUALLY COMPLETE A CONFLICT OF INTEREST STATEMENT TO ENSURE THEIR OBJECTIVITY THE BOARD OF TRUSTEES OPERATES SEVEN COMMITTEES COMPRISED OF AN ADDITIONAL 30+ COMMUNITY MEMBERS THE COMMITTEES INCLUDE QUALITY, MISSION & COMMUNITY BENEFIT, PROFESSIONAL AFFAIRS, FINANCE/CAPITAL ALLOCATIONS, AUDIT & COMPLIANCE, EXECUTIVE, AND INVESTMENT SUBCOMMITTEE SURPLUS FUNDS GENERATED BY LANCASTER GENERAL HOSPITAL ARE ANNUALLY REINVESTED INTO IMPROVING ITS FACILITIES, PROVIDING NEW HEALTHCARE SERVICES AND ENHANCING THE PROFESSIONAL ABILITIES OF ITS WORKFORCE IN FISCAL YEAR 2014, THE HOSPITAL COMMITTED \$48.4 MILLION TO SPENDING FOR PROPERTY, PLANT AND EQUIPMENT

Form and Line Reference	Explanation
Schedule H, Part VI, Line 6, Affiliated health care system	<p>LANCASTER GENERAL HOSPITAL IS UNDER THE CONTROL OF ITS PARENT ORGANIZATION LANCASTER GENERAL HEALTH. LANCASTER GENERAL HEALTH (EIN# 23-2250941) IS A NOT-FOR-PROFIT ORGANIZATION, WHICH PROVIDES MANAGERIAL AND FINANCIAL SUPPORT TO ITS CONTROLLED ORGANIZATION AND IS ALSO RESPONSIBLE FOR UNDERTAKING ACTIVITIES TO IMPROVE THE HEALTH OF THE COMMUNITY. THE MULTIPLE AFFILIATES UNDER THE CONTROL OF LANCASTER GENERAL HEALTH IN ADDITION TO LANCASTER GENERAL HOSPITAL ARE LANCASTER GENERAL HEALTH-COLUMBIA CENTER (EIN# 23-0485650) WHICH IS A HEALTH CARE CLINIC THAT PROVIDES PRIMARY AND SPECIALTY MEDICAL SERVICES WHERE SERVICES ARE PROVIDED BY LICENSED PHYSICIANS AND OFFICE SPACE IS LEASED TO HEALTH CARE PROVIDERS AND OTHERS. IN ADDITION, LANCASTER GENERAL HEALTH-COLUMBIA CENTER OFFERS PREVENTIVE, DIAGNOSTIC, AND THERAPEUTIC MEDICAL SERVICES TO PATIENTS ON AN OUTPATIENT BASIS. LANCASTER GENERAL HEALTH FOUNDATION (EIN# 20-5767147) EXISTS TO ADVANCE THE CULTURE OF PHILANTHROPY WITHIN THE LANCASTER GENERAL HEALTH SYSTEM. PENNSYLVANIA COLLEGE OF HEALTH SCIENCES (EIN# 06-1645496) EDUCATES COMPETENT, CARING AND SOCIALLY RESPONSIBLE INDIVIDUALS WHO CONTRIBUTE TO THE HEALTH OF THE COMMUNITY. LANCASTER GENERAL IMAGING CORPORATION'S (EIN# 23-3102789) EXEMPT PURPOSES ARE CONDUCTED THROUGH ITS CONTROL OF TWO PARTNERSHIPS, MRI GROUP, LLP (EIN# 33-1011386) WHICH PROVIDES MEDICAL SERVICES RELATING TO MAGNETIC RESONANCE IMAGING AND COMPUTER TOMOGRAPHY AND LANCASTER PET PARTNERSHIP, LLP (EIN# 23-3102793) WHICH PROVIDES MEDICAL SERVICES RELATING TO POSITRON EMISSION TOMOGRAPHY. LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC 'S (EIN# 20-4943239) EXEMPT PURPOSES ARE TO PROVIDE SURGICAL SERVICES TO PATIENTS. LANCASTER GENERAL MEDICAL GROUP (EIN# 23-2777286) WAS ORGANIZED TO DEVELOP, OWN, AND OPERATE OUTPATIENT HEALTHCARE PRACTICES WHERE PRIMARY AND SPECIALTY MEDICAL SERVICES ARE PROVIDED BY LICENSED PHYSICIANS. LANCASTER GENERAL REHABILITATION SERVICES INC 'S (EIN# 20-4943109) EXEMPT PURPOSE IS CONDUCTED THROUGH THE INVESTMENT IN AN ACUTE PATIENT REHABILITATION HOSPITAL WHERE PATIENTS ARE TREATED REGARDLESS OF ABILITY TO PAY. THE HEART GROUP OF LANCASTER GENERAL HEALTH (EIN# 30-0634510) PROVIDES SPECIALTY CARDIOLOGY HEALTHCARE SERVICES. LANCASTER GENERAL HEALTH INNOVATIVE SOLUTIONS, INC (EIN# 46-05898543) CONCEIVES AND LAUNCHES NOVEL HEALTHCARE SERVICES AND PRODUCTS. LG HEALTH COMMUNITY CARE COLLABORATIVE, LLC (EIN# 45-5542179) IS AN ACCOUNTABLE CARE ORGANIZATION. OTHER AFFILIATES OF LANCASTER GENERAL HEALTH INCLUDE LANCASTER GENERAL INSURANCE COMPANY, LTD AND LANCASTER GENERAL BUSINESS TRUST AND ITS SUBSIDIARIES.</p>

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





## Additional Data

**Software ID:** 13000248

**Software Version:** 2013v3.1

**EIN:** 23-1365353

**Name:** LANCASTER GENERAL 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
Schedule H, Part V Sec B, Line 3, Community Served by Needs Assessment	
Schedule H, Part V Sec B, Line 4, Other Hospital Facilities included in Needs Assessment	(1) A - LANCASTER GENERAL HOSPITAL LANCASTER REHABILITATION HOSPITAL LLC , (1) A - FACILITY REPORTING GROUP A THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED WITH THE LANCASTER REHABILITATION HOSPITAL, LLC ,
Schedule H, Part V Sec B, Line 14g, Other ways hospital publicized Financial Assistance Policy	(1) A - FACILITY REPORTING GROUP A THE HOSPITAL FACILITY DOES NOT ATTACH THE FINANCIAL ASSISTANCE POLICY TO BILLING INVOICES HOWEVER, THE INVOICES NOTE THAT FINANCIAL ASSISTANCE IS AVAILABLE AND TO CONTACT THE FACILITY FOR ASSISTANCE ,
Schedule H, Part V Sec B, Line 20d, How amounts charged to FAP-eligible patients were determined	(1) A - FACILITY REPORTING GROUP A THE HOSPITAL FACILITY USED A BILLING RATE BETWEEN THE AVERAGE NEGOTIATED COMMERCIAL INSURANCE RATE AND THE MEDICARE RATE ,

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

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

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

\_\_\_\_\_

Name and address	Type of Facility (describe)
SUBURBAN OUTPATIENT PAVILION 2100 Harrisburg Pike PO Box 3200 LANCASTER,PA 17604	OUTPATIENT SERVICES
DOWNTOWN OUTPATIENT PAVILION 540 North Duke Street LANCASTER,PA 17604	OUTPATIENT SERVICES
KISSEL HILL OUTPATIENT CENTER 51 Peters Road LITITZ,PA 17543	OUTPATIENT SERVICES
WILLOW LAKES OUTPATIENT CENTER 212 Willow Valley Lakes Drive WILLOW STREET,PA 17584	OUTPATIENT SERVICES
COLUMBIA OUTPATIENT CENTER 306 North Seventh Street PO Box 926 COLUMBIA,PA 17512	OUTPATIENT SERVICES
NORLANCO OUTPATIENT CENTER 424 Cloverleaf Road ELIZABETH TOWN,PA 17022	OUTPATIENT SERVICES
WALTER LAUMENT FAMILY HEALTH CENTER 317 South Chestnut Street QUARRYVILLE,PA 17566	OUTPATIENT SERVICES
LANCASTER GENERAL HEALTH CENTER - PARKESBURG 950 S Octorara Trail PARKESBURG,PA 19365	OUTPATIENT SERVICES
ANN B BARSHINGER CANCER INSTITUTE 2102 Harrisburg Pike LANCASTER,PA 17604	OUTPATIENT SERVICES
CROOKED OAK OUTPATIENT CENTER 1671 Crooked Oak Drive LANCASTER,PA 17601	OUTPATIENT SERVICES
LG HEALTH SPECIALTY CENTER AT EPHRATA 1261 Division Highway Suite 2 EPHRATA,PA 17522	OUTPATIENT SERVICES
EDEN PHYSICAL THERAPY 730 Eden Road LANCASTER,PA 17601	OUTPATIENT SERVICES

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
LANCASTER GENERAL HOSPITAL

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

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

▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Employer identification number  
23-1365353

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

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

11

3

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

1

**Part III**

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIP AWARDS	42	43,000	0	N/A	N/A

**Part IV**

**Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

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

Additional Data

Software ID: 13000248  
Software Version: 2013v3.1  
EIN: 23-1365353  
Name: LANCASTER GENERAL HOSPITAL

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CITY OF LANCASTER 39 WEST CHESTNUT STREET LANCASTER, PA 17608	23-6001904	GOVERNMENT ENTITY	1,380,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
DOMESTIC VIOLENCE SERVICES TOTAL PO BOX 359 LANCASTER, PA 17603	23-1667311	501(C)(3)	1,000	7,000	FMV	RENT FOR CLASSROOM USE	CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
EDWARD HAND MEDICAL HERITAGE FOUNDATION PO BOX 10302 LANCASTER, PA 17603	20-8119480	501(C)(3)	95,000				CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANCASTER CITY ALLIANCE 354 N PRINCE STREET 110 LANCASTER, PA 17603	46-3353021	501(C)(3)	175,000				CONTRIBUTION TO SUPPORT PROGRAM SERVICE



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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANCASTER COUNTY MEDICAL FOUNDATION 480 NEW HOLLAND AVENUE SUITE 8202 LANCASTER, PA 17603	26-0499498	501(C)(3)	75,000				CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LANCASTER YWCA 110 NORTH LIME STREET LANCASTER,PA 17603	23-1352609	501(C)(3)	7,000				CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MENTAL HEALTH AMERICA OF LANC COUNTY 630 JANET AVENUE LANCASTER, PA 17603	23-1571789	501(C)(3)	7,500				CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MILAGRO HOUSE 669 WEST CHESTNUT STREET LANCASTER, PA 17603	23-2954000	501(C)(3)	14,024				CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ROHRERSTOWN FIRE COMPANY 500 ELIZABETH STREET LANCASTER,PA 17603	23-7197558	501(C)(3)	15,000				CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SCHOOL DISTRICT OF LANCASTER 1020 LEHIGH AVENUE LANCASTER, PA 17602	23-1726414	501(C)(3)	1,500,000		FMV		CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED AUXILIARIES TO THE LANCASTER GENERAL HOSPITAL PO BOX 3555 LANCASTER,PA 17603	23-1976868	501(C)(3)	2,240	10,131	FMV	CASH REGISTER SOFTWARE & HARDWARE UPGRADE	CONTRIBUTION TO SUPPORT PROGRAM SERVICE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY OF LANCASTER COUNTY 630 JANET AVENUE LANCASTER,PA 17603	23-1352093	501(C)(3)	71,700				CONTRIBUTION TO SUPPORT PROGRAM SERVICE



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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Questions Regarding Compensation

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

**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, Part I, Line 1a, Travel for companions	THE AMOUNT PROVIDED FOR TRAVEL FOR COMPANIONS WAS \$5,774. THESE PAYMENTS WERE CONSIDERED TAXABLE.
Schedule J, Part I, Line 1a, Tax indemnification and gross-up payments	LANCASTER GENERAL HOSPITAL PROVIDES GROSS-UP PAYMENTS TO EMPLOYEES WHEN THEY RECEIVE HOLIDAY GIFT CARDS SO AS TO PROVIDE TAX ASSISTANCE IN THAT NO TAX BURDENS ARE CREATED WITH THE INTENDED GIFT. HOLIDAY GIFT CARDS IN THE AMOUNT OF \$15 PER EMPLOYEE WERE GIVEN DURING THE 2013 TAX YEAR.
Schedule J, Part I, Line 1a, Housing allowance or residence for personal use	HOUSING ALLOWANCE WAS PROVIDED TO ONE INDIVIDUAL. THESE PAYMENTS WERE CONSIDERED TAXABLE.
Schedule J, Part I, Line 1b, Written policy regarding payment or reimbursement of expenses	THERE ARE CURRENTLY NO WRITTEN POLICIES IN PLACE FOR GROSS UP PAYMENTS, TRAVEL FOR COMPANIONS OR HOUSING ALLOWANCE.
SCHEDULE J, PART I, LINE 3, COMPENSATION	LANCASTER GENERAL HEALTH'S EXECUTIVE COMPENSATION PROCESS INCLUDES THE FOLLOWING REVIEW AND ACTION BY THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES WHICH IS COMPRISED OF INDEPENDENT TRUSTEES. AN EVALUATION OF PERFORMANCE AGAINST GOALS IS CONDUCTED AT THE CLOSE OF A FISCAL YEAR TO DETERMINE THE LEVEL OF ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE OF THE CEO AND SENIOR EXECUTIVES SO AS TO DETERMINE MERIT AND INCENTIVE PAY ACTIONS. MARKET DATA FOR BASE SALARY, TOTAL CASH COMPENSATION AND TOTAL COMPENSATION IS PROVIDED BY AN INDEPENDENT THIRD PARTY TO THE COMMITTEE AND REFLECTS A MARKET BASKET OF SIMILARLY SIZED ORGANIZATIONS WITH COMPARABLE EXECUTIVE POSITIONS. UPON REVIEW AND DISCUSSION OF THE RELATED DATA AND INFORMATION, THE COMMITTEE TAKES ACTION WHICH IS RECORDED IN THE MEETING MINUTES WHICH ARE THEN FILED FOR FUTURE REFERENCE.
Schedule J, Part I, Line 4b, Supplemental nonqualified retirement plan	TOTAL DISTRIBUTIONS AND/OR CONTRIBUTIONS TO A NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN AMOUNTED TO \$897,914.
Schedule J, Part I, Line 7, Non-fixed payments	THE PURPOSE OF THE LANCASTER GENERAL HEALTH (LG) ANNUAL INCENTIVE PLAN (THE PLAN) IS TO REINFORCE STRATEGIC PERFORMANCE PRIORITIES FOR SENIOR MANAGEMENT AND MANAGEMENT EMPLOYEES AND TO ENCOURAGE THE HIGHEST LEVEL OF PERFORMANCE IN THE DELIVERY OF HEALTH CARE SERVICES. AS A REWARD FOR EMPLOYEES' CONTRIBUTIONS TO LANCASTER GENERAL HEALTH'S SUCCESS, THE PLAN PROVIDES THE OPPORTUNITY TO EARN MEANINGFUL INCENTIVE COMPENSATION BASED ON THE PERFORMANCE OF LANCASTER GENERAL HEALTH AND THE INDIVIDUAL PARTICIPANTS. SPECIFICALLY, THE PLAN IS DESIGNED TO *FOCUS PARTICIPANTS ON THE ACHIEVEMENT OF ORGANIZATION GOALS RELATED TO PEOPLE, SERVICE, QUALITY/SAFETY, FINANCIAL AND GROWTH, *PROMOTE AND FOSTER A TEAM ORIENTED CULTURE, *STRENGTHEN LANCASTER GENERAL HEALTH'S ABILITY TO ATTRACT AND RETAIN SUPERIOR TALENT, RECOGNIZE AND REWARD ACCOMPLISHMENTS THAT CLEARLY ADVANCE THE ORGANIZATION'S MISSION, AND DRIVE STRATEGIES, *PROVIDE INCENTIVE AWARDS THAT CAN BE ADJUSTED ANNUALLY FOR DIFFERENT BUSINESS CONDITIONS AND BUSINESS PLAN PRIORITIES WITHOUT CHANGING BASIC DESIGN FEATURES OF THE PLAN, AND *PROVIDE ANNUAL INCENTIVE OPPORTUNITIES WITH DUE CONSIDERATION TO THE REQUIREMENTS OF THE INTERMEDIATE SANCTIONS LAW AND THE REGULATIONS THERE UNDER.

Additional Data

Software ID: 13000248  
Software Version: 2013v3.1  
EIN: 23-1365353  
Name: LANCASTER GENERAL HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
THOMAS E BEEMAN PHD PRESIDENT AND CEO , LANCASTER GENERAL HEALTH	(i) (ii)	856,737 0	298,000 0	21,488 0	304,719 0	13,199 0	1,494,143 0	0 0
KAREN FLAHERTY OXLER SVP HOSPITAL OPS/NURSE EXEC	(i) (ii)	280,642 0	72,281 0	6,459 0	12,750 0	1,720 0	373,852 0	0 0
ROBERT P MACINA ESQ SVP, CHIEF ADMINISTRATIVE/LEGAL OFFICER AND CORPORATE SECRETARY	(i) (ii)	353,532 0	150,000 0	16,920 0	106,514 0	13,199 0	640,165 0	0 0
REGINA M MINGLE SVP AND CHIEF LEADERSHIP OFFICER	(i) (ii)	321,755 0	140,000 0	19,572 0	95,955 0	13,099 0	590,381 0	0 0
DENNIS R ROEMER EVP & CFO	(i) (ii)	457,364 0	126,767 0	27,636 0	52,411 0	17,984 0	682,162 0	0 0
JAN L BERGEN EVP, LANCASTER GENERAL HEALTH AND PRESIDENT, LANCASTER GENERAL HEALTH NETWORK	(i) (ii)	526,614 0	145,576 0	19,542 0	140,559 0	7,337 0	839,628 0	0 0
F JOSEPH BYORICK III CFO EMERITUS & TREASURER	(i) (ii)	448,536 0	148,164 0	20,956 0	25,600 0	14,827 0	658,083 0	0 0
GEOFFREY W EDDOWES SVP POST ACUTE CARE	(i) (ii)	265,723 0	93,477 0	2,558 0	52,310 0	14,827 0	428,895 0	0 0
MARGARET F COSTELLA ESQ VP, LEGAL SERVICES AND ASSISTANT SECRETARY	(i) (ii)	219,065 0	43,602 0	1,960 0	14,450 0	2,057 0	281,134 0	0 0
DENISE A KENNEDY VP, FINANCIAL SERVICES	(i) (ii)	170,798 0	36,454 0	976 0	13,101 0	7,292 0	228,621 0	0 0
JAY R BUCHER VP DEVELOPMENT & PRESIDENT LANCASTER GENERAL HEALTH FOUNDATION	(i) (ii)	283,016 0	0 0	25,142 0	16,663 0	12,904 0	337,725 0	0 0
MARION A MCGOWAN RN PRESIDENT OF LANCASTER GENERAL HOSPITAL AND PRESIDENT OF LG HEALTH INNOVATION, INC	(i) (ii)	550,206 0	152,097 0	15,375 0	25,401 0	14,827 0	757,906 0	0 0
KAY BRADY VP, HUMAN RESOURCES	(i) (ii)	151,425 0	33,434 0	2,467 0	9,858 0	12,375 0	209,559 0	0 0
JUDI L BRENDLE VP, NURSING	(i) (ii)	227,260 0	45,233 0	5,642 0	18,023 0	14,583 0	310,741 0	0 0
GARY DAVIDSON SVP AND CIO	(i) (ii)	344,240 0	122,022 0	15,013 0	52,018 0	14,895 0	548,188 0	0 0
LEE M DUKE II MD SVP AND CHIEF PHYSICIAN EXECUTIVE	(i) (ii)	448,209 0	155,405 0	16,920 0	122,100 0	14,827 0	757,461 0	0 0
NORMA J FERDINAND SVP, CHIEF QUALITY OFFICER	(i) (ii)	296,257 0	101,517 0	24,216 0	96,608 0	8,210 0	526,808 0	0 0
LISA R HESS VP, MARKETING AND RELATIONSHIP MANAGEMENT	(i) (ii)	173,293 0	38,377 0	2,815 0	9,723 0	8,677 0	232,885 0	0 0
ELIZABETH D HILLS VP, RISK MANAGEMENT & CORPORATE COMPLIANCE	(i) (ii)	152,587 0	30,370 0	599 0	8,023 0	6,329 0	197,908 0	0 0
EDWARD MALONEY VP, INFORMATION TECHNOLOGY OPERATIONS	(i) (ii)	217,759 0	45,762 0	3,621 0	12,750 0	12,779 0	292,671 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MARY B MISKEY VP, HUMAN RESOURCES OPERATIONS	(i) (ii)	168,135 0	37,056 0	4,226 0	12,827 0	6,643 0	228,887 0	0 0
RICHARD D PAOLETTI VP, OPERATIONS	(i) (ii)	209,798 0	55,223 0	2,411 0	16,546 0	14,452 0	298,430 0	0 0
JOSEPH A PUSKAR SVP, CUSTOMER SUPPORT SERVICES	(i) (ii)	263,890 0	57,052 0	8,381 0	20,517 0	14,797 0	364,637 0	0 0
DOUGLAS W RINEHART VP, CONTROLLER	(i) (ii)	174,136 0	36,110 0	3,187 0	13,127 0	14,266 0	240,826 0	0 0
CHRISTINE M STABLER MD VP, ACADEMIC AFFAIRS	(i) (ii)	298,980 0	0 0	3,475 0	15,352 0	14,060 0	331,867 0	0 0
SUSAN WYNNE SVP, BUSINESS DEVELOPMENT- AMBULATORY SERVICES	(i) (ii)	282,670 0	94,419 0	12,876 0	45,381 0	7,166 0	442,512 0	0 0
STACEY G YOUCIS SR SERVICE LINE EXECUTIVE	(i) (ii)	229,813 0	59,070 0	2,194 0	19,476 0	14,626 0	325,179 0	0 0
TIMOTHY C ZELLERS EXECUTIVE DIRECTOR LANCASTER HEART & VASCULAR INSTITUTE	(i) (ii)	177,226 0	34,434 0	4,121 0	13,178 0	14,107 0	243,066 0	0 0
PHILIP BAYLISS MEDICAL DIRECTOR	(i) (ii)	546,182 0	30,000 0	24,734 0	23,050 0	13,031 0	636,997 0	0 0
MARK W BURLINGAME MD CARDIOTHORACIC SURGEON	(i) (ii)	703,303 0	27,344 0	7,542 0	12,750 0	13,031 0	763,970 0	0 0
JEFFREY T COPE MD CARDIOTHORACIC SURGEON	(i) (ii)	700,003 0	27,344 0	1,728 0	12,750 0	14,827 0	756,652 0	0 0
JAMES KU MEDICAL DIRECTORY HEALTH WEIGHT MGMT	(i) (ii)	572,604 0	0 0	76,705 0	12,750 0	14,827 0	676,886 0	0 0
FREDERICK B ROGERS MEDICAL DIRECTOR TRAUMA	(i) (ii)	529,381 0	161,160 0	40,059 0	13,725 0	14,487 0	758,812 0	0 0

Schedule K  
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	514045YB3	01-24-2007	33,450,000	SERIES 2007A - CONSTRUCTION OF EMPLOYEE PARKING GARAGE		X		X		X
B	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	514045YK3	01-24-2007	63,375,000	SERIES 2007B - REFUNDING OF SERIES 2003 BOND (ISSUE DATE OF 9/15/2003)		X		X		X
C	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	XXXXXXXXX	06-01-2012	25,250,000	SERIES 2012A - REFUNDING A PORTION OF SERIES 2008 BOND (ISSUE DATE OF 8/15/2008)		X		X		X
D	LANCASTER COUNTY HOSPITAL AUTHORITY	23-6648018	514045B51	06-28-2012	93,755,000	SEE SUPPLEMENTAL INFORMATION		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0		0	
2	Amount of bonds legally defeased	0		0		0		0	
3	Total proceeds of issue	33,450,000		63,375,000		25,250,000		93,755,000	
4	Gross proceeds in reserve funds	0		0		0		0	
5	Capitalized interest from proceeds	0		0		0		0	
6	Proceeds in refunding escrows	0		63,375,000		25,250,000		77,379,282	
7	Issuance costs from proceeds	326,911		619,371		194,497		1,008,845	
8	Credit enhancement from proceeds	0		0		0		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	37,017,542		0		0		23,163,482	
11	Other spent proceeds	0		0		0		0	
12	Other unspent proceeds	0		0		0		0	
13	Year of substantial completion	2008		2007		2012		2014	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X	X			X
15	Were the bonds issued as part of an advance refunding issue?		X	X			X	X	
16	Has the final allocation of proceeds been made?	X		X		X			X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		0 500 %		0 200 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 500 %		0 200 %	
7	Does the bond issue meet the private security or payment test?	X		X		X		X	
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?								

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K, PART I, DEFEASED	BOND SERIES 2003 WAS ISSUED ON SEPTEMBER 15, 2003 BY THE LANCASTER COUNTY HOSPITAL AUTHORITY (CUSIP# 514045) IN JANUARY 2007, THE SERIES 2003 WAS LEGALLY DEFEASED WITH THE SERIES 2007B BOND ISSUANCE CONCURRENT WITH THE DEFEASANCE, AN IRREVOCABLE ESCROW WAS ESTABLISHED FOR THE AGGREGATE AMOUNT OF THE DEFEASED SERIES 2003 REVENUE BONDS WITH THAT SAID, THERE IS NO LIABILITY ON OUR BALANCE SHEET AND IS THUS NOT SHOWN ON SCHEDULE K, PART I



Return Reference	Explanation
SCHEDULE K, PART I, COLUMN (C), CUSIP #	SERIES 2012-A WAS A PRIVATE PLACEMENT AND THUS WAS NOT ASSIGNED A CUSIP #

Return Reference	Explanation
SCHEDULE K, PART I, COLUMN (F), CUSIP # 23-6648018 DESCRIPTION OF PURPOSE	SERIES 2012B - REFUNDING A PORTION OF SERIES 2008, 2010, AND 2011 BONDS, AND A PORTION TO BE USED FOR CONSTRUCTION

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds						OMB No 1545-0047	
							2013	
	Department of the Treasury Internal Revenue Service						Open to Public Inspection	
Name of the organization LANCASTER GENERAL HOSPITAL						Employer identification number 23-1365353		

Part I Bond Issues											
(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No

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

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

▶ 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](http://www.irs.gov/form990).

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
  
23-1365353

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) DOUGLAS W RINEHART	OFFICER	647,139	INDIVIDUAL IS A BOARD MEMBER OF LEMSA LEMSA PROVIDES SERVICES TO LANCASTER GENERAL HOSPITAL		No
(2) LEE M DUKE II MD	OFFICER	657,436	INDIVIDUAL IS EMPLOYED PART TIME BY PULMONARY ASSOCIATES OF LANCASTER (PAL) PAL PROVIDES SERVICES TO LANCASTER GENERAL HOSPITAL		No
(3) KEITH R KUHLENGEL MD	TRUSTEE	671,851	INDIVIDUAL IS A PARTNER OF LANCASTER NEUROSCIENCE & SPINE ASSOCIATES WHICH PROVIDE SERVICES TO LANCASTER GENERAL HOSPITAL		No
(4) CHARLES RODENBERGER MD	TRUSTEE	124,975	INDIVIDUAL IS A JOINT VENTURE PARTNER WITH DAVITA DAVITA HAS A DIALYSIS CONTRACT WITH LANCASTER GENERAL HOSPITAL		No
(5) ROBERT P MACINA ESQ	OFFICER	175,000	INDIVIDUAL SERVES AS THE CHAIR OF THE BOARD OF DIRECTORS OF LANCASTER CITY ALLIANCE TO WHICH LANCASTER GENERAL HOSPITAL IS A MAJOR CONTRIBUTOR		No
(6) GARY DAVIDSON	OFFICER	5,750,894	INDIVIDUAL IS A BOARD MEMBER FOR LINKEHR LINKEHR PROVIDES SERVICES TO LANCASTER GENERAL HOSPITAL		No

**Part V Supplemental Information**

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

Return Reference	Explanation
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SCHEDULE M  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Noncash Contributions

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

▶Information about Schedule M (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art . . . . .	X	1	2,500	MARKET VALUE
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .				
5 Clothing and household goods . . . . .	X		2,149	MARKET VALUE
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .				
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .	X	2	3,245	MARKET VALUE
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ▶ ( GIFT CERTIFICATES )	X	11	1,110	MARKET VALUE
26 Other ▶ ( FOOD/BEVERAGE )	X	2	180	MARKET VALUE
27 Other ▶ ( GIFT BASKETS )	X	2	115	MARKET VALUE
28 Other ▶ ( )				

29

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

0

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .

30a

No

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .

32a

No

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2013)



Part II

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

Return Reference	Explanation
Schedule M, Part I, Explanations of reporting method for number of contributions	ART - WORKS OF ART ART - WORKS OF ART- NUMBER OF ART PIECES CONTRIBUTED CLOTHING AND HOUSEHOLD GOODS CLOTHING AND HOUSEHOLD GOODS - NUMBER OF INSTANCES IN WHICH CONTRIBUTIONS OF CLOTHING AND HOME DECOR WAS CONTRIBUTED COLLECTIBLES COLLECTIBLES - NUMBER OF PIECES OF JEWELRY CONTRIBUTED OTHER OTHER GIFT CERTIFICATES - NUMBER OF VENDORS IN WHICH GIFT CERTIFICATES WERE DISTRIBUTED FOR OTHER OTHER FOOD/BEVERAGE - NUMBER OF INSTANCES IN WHICH FOOD/BEVERAGE WAS DONATED OTHER OTHER GIFT BASKETS - NUMBER OF INSTANCES IN WHICH GIFT BASKETS WERE DONATED
Schedule M, part I, column (b), Line 1, Number of contributions or items contributed	ART - WORKS OF ART- NUMBER OF ART PIECES CONTRIBUTED
Schedule M, part I, column (b), Line 5, Number of contributions or items contributed	CLOTHING AND HOUSEHOLD GOODS - NUMBER OF INSTANCES IN WHICH CONTRIBUTIONS OF CLOTHING AND HOME DECOR WAS CONTRIBUTED
Schedule M, part I, column (b), Line 18, Number of contributions or items contributed	COLLECTIBLES - NUMBER OF PIECES OF JEWELRY CONTRIBUTED
Schedule M, part I, column (b), Line other, Number of contributions or items contributed	OTHER=GIFT CERTIFICATES OTHER GIFT CERTIFICATES - NUMBER OF VENDORS IN WHICH GIFT CERTIFICATES WERE DISTRIBUTED FOR

**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](http://www.irs.gov/form990).**

OMB No 1545-0047

**2013****Open to Public  
Inspection**Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number

23-1365353

**Return Reference****Explanation**FORM 990, PART III,  
LINE 4D, EXEMPT  
PURPOSE  
ACHIEVEMENTS

LANCASTER GENERAL HOSPITAL WILL IDENTIFY COMMUNITY HEALTH NEEDS, HELP REACH COMMUNITY CONSENSUS ON HEALTH CARE PRIORITIES, DEVELOP PROGRAMS (WHERE POSSIBLE TOGETHER WITH OTHER COMMUNITY ORGANIZATIONS) TO ADDRESS THESE NEEDS, DEVELOP AND MAINTAIN METRICS TO MEASURE OUR PROGRESS, AND REPORT OUR ACTIVITY TO THE BOARD OF TRUSTEES AND THE COMMUNITY AT LARGE. FINANCIAL MEANS SHOULD NOT PREVENT ANYONE FROM ACCESSING HEALTHCARE SERVICES. TO THAT END, LANCASTER GENERAL HOSPITAL HAS ESTABLISHED FINANCIAL ASSISTANCE PROGRAMS FOR THOSE WITH LITTLE OR NO INSURANCE, OR LIMITED FINANCIAL MEANS. LANCASTER GENERAL HOSPITAL INCURRED UNPAID COSTS OF \$70.7M TO CARE FOR FINANCIALLY DISADVANTAGED PERSONS. LANCASTER GENERAL HOSPITAL ENGAGES IN MEDICAL RESEARCH PROGRAMS. LANCASTER GENERAL HOSPITAL ENGAGES IN TRAINING AND EDUCATION OF HEALTH CARE PROFESSIONALS AT AN UNPAID COST OF \$10.7M.

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

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

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

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

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

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



Return Reference	Explanation
Form 990, Part VI, Sec B, Line 11b, Review of form 990 by governing body	THE CFO, THE VICE PRESIDENT-CONTROLLER, AND THE DIRECTOR OF ACCOUNTING REVIEWED THE FORM 990 IN ADDITION, THE MEMBERS OF THE GOVERNING BODY WERE GIVEN THE OPPORTUNITY TO VIEW THE 990 ONLINE VIA THE BOARD PORTAL SYSTEM PRIOR TO THE ELECTRONIC FILING

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

Return Reference	Explanation
FORM 990, PART VI, LINE 14, DOCUMENT RETENTION AND DESTRUCTION POLICY	THE ORGANIZATION HAS THE POLICIES AND PROCEDURES IN PLACE AS MENTIONED IN FORM 990, PART VI, SECTION B, LINES 14 AND 16B HOWEVER, THEY ARE NOT CURRENTLY APPROVED BY THE GOVERNING BODY

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15a, Process to establish compensation of top management official	LANCASTER GENERAL HEALTH'S EXECUTIVE COMPENSATION PROCESS INCLUDES THE FOLLOWING REVIEW AND ACTION BY THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES WHICH IS COMPRISED OF INDEPENDENT TRUSTEES AN EVALUATION OF PERFORMANCE AGAINST GOALS IS CONDUCTED AT THE CLOSE OF A FISCAL YEAR TO DETERMINE THE LEVEL OF ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE OF THE CEO AND SENIOR EXECUTIVES SO AS TO DETERMINE MERIT AND INCENTIVE PAY ACTIONS MARKET DATA FOR BASE SALARY , TOTAL CASH COMPENSATION AND TOTAL COMPENSATION IS PROVIDED BY AN INDEPENDENT THIRD PARTY TO THE COMMITTEE AND REFLECTS A MARKET BASKET OF SIMILARLY SIZED ORGANIZATIONS WITH COMPARABLE EXECUTIVE POSTIONS UPON REVIEW AND DISCUSSION OF THE RELATED DATA AND INFORMATION THE COMMITTEE TAKES ACTION WHICH IS RECORDED IN THE MEETING MINUTES WHICH ARE THEN FILED FOR FUTURE REFERENCE

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15b, Process to establish compensation of other employees	LANCASTER GENERAL HEALTH'S EXECUTIVE COMPENSATION PROCESS INCLUDES THE FOLLOWING REVIEW AND ACTION BY THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES WHICH IS COMPRISED OF INDEPENDENT TRUSTEES. AN EVALUATION OF PERFORMANCE AGAINST GOALS IS CONDUCTED AT THE CLOSE OF A FISCAL YEAR TO DETERMINE THE LEVEL OF ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE OF THE CEO AND SENIOR EXECUTIVES SO AS TO DETERMINE MERIT AND INCENTIVE PAY ACTIONS. MARKET DATA FOR BASE SALARY, TOTAL CASH COMPENSATION AND TOTAL COMPENSATION IS PROVIDED BY AN INDEPENDENT THIRD PARTY TO THE COMMITTEE AND REFLECTS A MARKET BASKET OF SIMILARLY SIZED ORGANIZATIONS WITH COMPARABLE EXECUTIVE POSITIONS. UPON REVIEW AND DISCUSSION OF THE RELATED DATA AND INFORMATION THE COMMITTEE TAKES ACTION WHICH IS RECORDED IN THE MEETING MINUTES WHICH ARE THEN FILED FOR FUTURE REFERENCE.

Return Reference	Explanation
FORM 990, PART VI, LINE 16B, JOINT VENTURE POLICY	THE ORGANIZATION HAS THE POLICIES AND PROCEDURES IN PLACE AS MENTIONED IN FORM 990, PART VI, SECTION B, LINES 14 AND 16B. HOWEVER, THEY ARE NOT CURRENTLY APPROVED BY THE GOVERNING BODY

Return Reference	Explanation
Form 990, Part VI, Sec C, Line 19, Required documents available to the public	LANCASTER GENERAL HOSPITAL DOES NOT MAKE THE GOVERNING DOCUMENTS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC THE FINANCIAL STATEMENTS ARE NOW AVAILABLE TO THE PUBLIC AS THEY ARE REQUIRED TO BE INCLUDED WITH FORM 990, SCHEDULE H

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



Return Reference	Explanation
FORM 990, PART X, LINE 20, TAX EXEMPT BOND LIABILITIES	THE AMOUNT OF ISSUE OUSTANDING FOR BOTH THE SERIES 2007 AND 2012 BONDS ALSO INCLUDES THE BOND PREMIUM THE BALANCE OF THE 2007 BOND PREMIUM AT 6/30/14 WAS \$2,117,122 THE BALANCE OF THE 2012 BOND PREMIUM AT 6/30/14 WAS \$3,498,237

Return Reference	Explanation
Form 990 , Part XI, Line 9, Other changes in net assets or fund balances	CHANGE IN INTEREST IN NET ASSETS OF LANCASTER GENERAL - 332021, OIOTHER NON-OPERATING INCOME - 1451512, RELATED PARTY TRANSFERS - -93208008, PERPETUAL TRUST DISTRIBUTIONS - 61675,

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

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

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

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

Return Reference	Explanation
Schedule M, part I, column (b), Line 18, Number of contributions or items contributed	COLLECTIBLES - NUMBER OF PIECES OF JEWELRY CONTRIBUTED

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



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

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

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LANCASTER GENERAL HOSPITAL

Employer identification number  
23-1365353

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" 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	No
See Additional Data Table							

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

Cat No 50135Y

Schedule R (Form 990) 2013

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproporionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) LANCASTER PET PARTNERSHIP LLP  PO BOX 4216 LANCASTER, PA 17604 23-3102793	MEDICAL SERVICES	PA	LANCASTER GENERAL IMAGING CORPORATION	N/A								
(2) MRI GROUP LLP  PO BOX 4216 LANCASTER, PA 17604 33-1011386	MEDICAL SERVICES	PA	LANCASTER GENERAL IMAGING CORPORATION	N/A								
(3) LG HEALTH COMMUNITY CARE COLLABORATIVE LLC  555 NORTH DUKE STREET LANCASTER, PA 17604 45-5542179	ACCOUNTABLE CARE ORGANIZATION	PA	LANCASTER GENERAL HOSPITAL	RELATED				No		Yes		0 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" 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) LANCASTER GENERAL SERVICES BUSINESS TRUST  607 NORTH DUKE STREET LANCASTER, PA 17602 23-2250128	OWNS & OPERATES REAL ESTATE PROPERTY, PHARMACY & HOME INFUSION COMPANY	PA	LANCASTER GENERAL HEALTH	TRUST					
(2) BARGE GANSE VENACARE BUSINESS TRUST  607 NORTH DUKE STREET LANCASTER, PA 17602 23-2113017	PHARMACY & OWNER OF HOME INFUSION THERAPY SERVICES COMPANY	PA	LANCASTER GENERAL SERVICES BUSINESS TRUST	TRUST					
(3) LANCASTER GENERAL INSURANCE COMPANY  98-0176655	INSURANCE	CJ	LANCASTER GENERAL HEALTH	C CORPORATION					

Part V

Transactions With Related Organizations

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

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

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

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
, TRANSACTIONS WITH RELATED ORGANIZATIONS	ALL ARRANGEMENTS ARE NEGOTIATED AT ARM'S LENGTH AND FOR FAIR VALUE IN COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY AFFILIATES PERFORM INTER-COMPANY TRANSACTIONS AS PART OF THE NORMAL COURSE OF BUSINESS

Additional Data

Software ID: 13000248

Software Version: 2013v3.1

EIN: 23-1365353

Name: LANCASTER GENERAL 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) LANCASTER GENERAL HEALTH  555 NORTH DUKE STREET LANCASTER, PA 17604 23-2250941	MGMT & FIN SUPPORT TO CONTROLLED ORG & UNDERTAKING ACTIVITIES TO IMPROVE THE HEALTH OF COMMUNITY	PA	501(C)(3)	Type II	NA		No
(1) LANCASTER GENERAL HEALTH FOUNDATION  555 NORTH DUKE STREET LANCASTER, PA 17604 20-5767147	ORGANIZED & OPERATED TO SUPPORT THE EXEMPT PURPOSES OF MEMBER OF LG HEALTH	PA	501(C)(3)	Type III - FI	LANCASTER GENERAL HEALTH		No
(2) LANCASTER GENERAL MEDICAL GROUP  1030 NEW HOLLAND AVENUE LANCASTER, PA 17601 23-2777286	PROVIDE CHARITABLE PRIMARY AND SPECIALTY HEALTHCARE	PA	501(C)(3)	3	LANCASTER GENERAL HEALTH		No
(3) LANCASTER GENERAL HEALTH-COLUMBIA CENTER  306 NORTH 7TH STREET COLUMBIA, PA 17512 23-0485650	ACUTE PRIMARY CARE/FACILITY MGMT OP SVCS	PA	501(C)(3)	3	LANCASTER GENERAL HOSPITAL	Yes	
(4) PENNSYLVANIA COLLEGE OF HEALTH SCIENCES  410 NORTH LIME STREET LANCASTER, PA 17602 06-1645496	PROVIDE SUPPORT AND PROMOTE HEALTHCARE EDUCATION	PA	501(C)(3)	2	LANCASTER GENERAL HOSPITAL	Yes	
(5) LANCASTER GENERAL REHABILITATION SERVICES INC  555 NORTH DUKE STREET LANCASTER, PA 17604 20-4943109	OWNERSHIP/OPERATION OF REHABILITATION HOSPITAL	PA	501(C)(3)	3	LANCASTER GENERAL HEALTH		No
(6) LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC  555 NORTH DUKE STREET LANCASTER, PA 17604 20-4943239	OWNERSHIP/OPERATION OF AMBULATORY SURGERY CENTER	PA	501(C)(3)	3	LANCASTER GENERAL HOSPITAL	Yes	
(7) LANCASTER GENERAL IMAGING CORPORATION  609 NORTH CHERRY STREET LANCASTER, PA 17604 23-3102789	OWNERSHIP/OPERATING OF IMAGING SERVICES	PA	501(C)(3)	3	LANCASTER GENERAL HOSPITAL	Yes	
(8) UNITED AUXILIARIES TO LANCASTER GENERAL HOSPITAL  555 NORTH DUKE STREET LANCASTER, PA 17604 23-1976868	TO PROMOTE AND ADVANCE LANCASTER GENERAL HOSPITAL'S PLANS & PROGRAMS	PA	501(C)(3)	9	NA		No
(9) THE HEART GROUP OF LANCASTER GENERAL HEALTH  555 NORTH DUKE STREET LANCASTER, PA 17604 30-0634510	PROVIDES SPECIALTY CARDIOLOGY HEALTHCARE SERVICES	PA	501(C)(3)	4	LANCASTER GENERAL HEALTH		No
(10) LANCASTER GENERAL HEALTH INNOVATIVE SOLUTIONS INC  555 NORTH DUKE STREET LANCASTER, PA 17604 46-0589543	TO CONCEIVE AND LAUNCH NOVEL HEALTHCARE SERVICES AND PRODUCTS	PA	501(C)(3)	11 - Type I	LANCASTER GENERAL HEALTH		No



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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	B	717,433	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	K	369,012	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	L	122,621	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	M	18,293	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	O	6,625	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	O	213,522	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	Q	934,791	FMV
LANCASTER GENERAL HEALTH-COLUMBIA CENTER	R	460,970	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	A	105,504	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	B	3,800,000	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	G	105,774	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	L	507,999	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	M	1,620,425	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	O	178,014	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	O	252,740	FMV
PENNSYLVANIA COLLEGE OF HEALTH SCIENCES	Q	6,046,116	FMV
LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC	B	44,963	FMV
LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC	C	5,647,536	FMV
LANCASTER GENERAL AMBULATORY SURGICAL SERVICES INC	L	43,288	FMV
MRI GROUP LLP	A	418,314	FMV
MRI GROUP LLP	L	1,034,757	FMV
MRI GROUP LLP	M	4,539,899	FMV
LANCASTER PET PARTNERSHIP LLP	A	69,997	FMV
LANCASTER PET PARTNERSHIP LLP	L	239,724	FMV
LANCASTER PET PARTNERSHIP LLP	M	13,164	FMV

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
LANCASTER GENERAL IMAGING CORPORATION	B	39,258	FMV
LANCASTER GENERAL IMAGING CORPORATION	C	2,573,750	FMV
LANCASTER GENERAL IMAGING CORPORATION	L	35,134	FMV
LANCASTER GENERAL HEALTH	B	45,269,617	FMV
LANCASTER GENERAL HEALTH	L	5,158,790	FMV
LANCASTER GENERAL HEALTH	M	540,239	FMV
LANCASTER GENERAL HEALTH FOUNDATION	B	817,635	FMV
LANCASTER GENERAL HEALTH FOUNDATION	C	65,616	FMV
LANCASTER GENERAL HEALTH FOUNDATION	L	439,382	FMV
LANCASTER GENERAL HEALTH FOUNDATION	O	320,344	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	B	17,083,986	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	J	62,650	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	K	331,289	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	L	600,415	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	M	892,309	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	O	187,432	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	O	179,240	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	P	545,010	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	Q	982,716	FMV
THE HEART GROUP OF LANCASTER GENERAL HEALTH	R	21,723,935	FMV
LANCASTER GENERAL MEDICAL GROUP	B	29,605,333	FMV
LANCASTER GENERAL MEDICAL GROUP	J	1,792,031	FMV
LANCASTER GENERAL MEDICAL GROUP	K	53,868	FMV
LANCASTER GENERAL MEDICAL GROUP	L	4,012,472	FMV
LANCASTER GENERAL MEDICAL GROUP	M	4,555,609	FMV

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
LANCASTER GENERAL MEDICAL GROUP	O	2,518,705	FMV
LANCASTER GENERAL MEDICAL GROUP	O	4,112,222	FMV
LANCASTER GENERAL MEDICAL GROUP	P	63,331,089	FMV
LANCASTER GENERAL MEDICAL GROUP	Q	16,777,880	FMV
LANCASTER GENERAL MEDICAL GROUP	R	2,617,000	FMV
LANCASTER GENERAL INSURANCE COMPANY	M	282,942	FMV
LANCASTER GENERAL REHABILITATION SERVICES INC	B	74,023	FMV
LANCASTER GENERAL REHABILITATION SERVICES INC	C	3,068,000	FMV
LANCASTER GENERAL REHABILITATION SERVICES INC	L	74,023	FMV
LANCASTER GENERAL HEALTH INNOVATIVE SOLUTIONS INC	B	5,759,005	FMV
LANCASTER GENERAL HEALTH INNOVATIVE SOLUTIONS INC	O	573,095	FMV
LG HEALTH COMMUNITY CARE COLLABORATIVE LLC	B	1,286,041	FMV
LG HEALTH COMMUNITY CARE COLLABORATIVE LLC	O	1,220,487	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	J	11,192	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	K	338,626	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	L	168,765	FMV
LANCASTER GENERAL SERVICES BUSINESS TRUST	M	338,626	FMV
BARGE GANSE VENACARE BUSINESS TRUST	L	6,022	FMV
UNITED AUXILIARIES TO LANCASTER GENERAL HOSPITAL	C	200,000	FMV
UNITED AUXILIARIES TO LANCASTER GENERAL HOSPITAL	Q	174,287	FMV

# **Lancaster General Health**

Consolidated Financial Statements,  
Supplementary Information and Report of  
Independent Certified Public Accountants  
June 30, 2014 and 2013

# **Lancaster General Health**

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**June 30, 2014 and 2013**

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# Grant Thornton

Grant Thornton LLP  
Two Commerce Square  
2001 Market St., Suite 700  
Philadelphia, PA 19103  
T 215 561 4200  
F 215 561 1066  
[www.GrantThornton.com](http://www.GrantThornton.com)

## **Report of Independent Certified Public Accountants**

Board of Trustees  
Lancaster General Health

We have audited the accompanying consolidated financial statements of Lancaster General Health (LG), which comprise the consolidated balance sheet as of June 30, 2014, and the related consolidated statements of operations and 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 accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

### **Auditor's responsibility**

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



# Grant Thornton

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lancaster General Health as of June 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

## **Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating balance sheet as of June 30, 2014 and the related consolidating statement of operations and changes in net assets for the year then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other matter**

The consolidated financial statements of Lancaster General Health as of and for the year ended June 30, 2013 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2013 consolidated financial statements in their report dated October 31, 2013.

The consolidating information as of June 30, 2013 and for the year then ended was audited, in relation to the June 30, 2013 consolidated financial statements, by other auditors whose report, dated October 31, 2013, stated that the 2013 consolidating information is fairly stated in all material respects, in relation to the 2013 consolidated financial statements as a whole.

Philadelphia, Pennsylvania

October 23, 2014

**Lancaster General Health**  
**Consolidated Balance Sheets**  
**June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 16,108,444	\$ 16,028,131
Investments	53,271,919	33,795,379
Assets limited as to use	5,408,880	6,114,536
Patient accounts receivable, net of allowance for doubtful accounts of \$31,158,146 and \$22,437,830 at June 30, 2014 and 2013, respectively	107,293,716	99,712,416
Other receivables	11,539,510	22,177,656
Inventories	14,336,084	12,340,550
Prepaid expenses and other current assets	21,604,378	19,493,096
Total current assets	229,562,931	209,661,764
Investments		
Unrestricted	836,567,456	739,460,847
Donor restricted	13,271,654	12,794,416
	849,839,110	752,255,263
Assets limited as to use, net of current portion	15,956,969	12,420,820
Investments in non-consolidated affiliates	16,156,098	15,542,898
Property, plant and equipment, net	495,655,533	505,791,692
Beneficial interest in trusts	9,551,881	8,871,389
Other assets	5,245,143	4,698,926
Total assets	<u>\$ 1,621,967,665</u>	<u>\$ 1,509,242,752</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Current portion of long-term debt	\$ 6,189,253	\$ 7,107,874
Accounts payable	34,864,092	29,658,271
Accrued payroll and related benefits	46,787,779	48,518,524
Estimated settlements with third-party payors	12,583,663	12,526,000
Other current liabilities	10,765,307	9,126,339
Total current liabilities	111,190,094	106,937,008
Accrued pension liability	163,725,997	162,934,500
Other liabilities	69,955,633	73,492,969
Long-term debt, net of current portion	217,627,247	223,398,548
Total liabilities	562,498,971	566,763,025
Net assets		
Unrestricted		
Unrestricted net assets of LG	1,033,667,088	919,049,148
Non-controlling interests	3,229,666	3,124,709
Total unrestricted net assets	1,036,896,754	922,173,857
Temporarily restricted	10,834,696	9,632,839
Permanently restricted	11,737,244	10,673,031
Total net assets	1,059,468,694	942,479,727
Total liabilities and net assets	<u>\$ 1,621,967,665</u>	<u>\$ 1,509,242,752</u>

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



# Lancaster General Health

## Consolidated Statements of Operations and Changes in Net Assets Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Unrestricted net assets</b>		
Unrestricted revenue and other support		
Net patient service revenue	\$ 964,235,396	\$ 914,300,801
Less provision for bad debts	(43,875,142)	(41,424,713)
Net patient service revenue, less provision for bad debts	<u>920,360,254</u>	<u>872,876,088</u>
Medical services	10,604,190	10,030,975
Capitation revenue	587,072	1,523,280
Other revenue	35,423,630	31,018,828
Net assets released from restrictions for operations	1,768,922	3,980,127
Contributions	<u>450,096</u>	<u>317,356</u>
Total unrestricted revenue and other support	<u>969,194,164</u>	<u>919,746,654</u>
Expenses		
Operating expenses	858,976,314	832,004,218
Depreciation and amortization	54,975,965	51,231,563
Interest	8,422,452	7,932,078
Provision for bad debts	<u>136,338</u>	<u>111,814</u>
Total expenses	<u>922,511,069</u>	<u>891,279,673</u>
Operating income	46,683,095	28,466,981
Other income (loss)		
Investment income, net	15,323,943	14,218,824
Net realized gains on sale of trading securities	19,341,127	11,742,686
Change in net unrealized gains and losses on trading securities	55,302,947	16,941,895
Change in fair value of interest rate swap agreement, net of interest	(1,142,789)	2,066,656
Income tax benefit	-	12,092,268
Other non-operating income, net	<u>12,470,992</u>	<u>15,158,998</u>
Total other income	<u>101,296,220</u>	<u>72,221,327</u>
Excess of revenue and other income over expenses	147,979,315	100,688,308
Excess of revenue attributable to non-controlling interests	<u>(1,756,207)</u>	<u>(1,984,319)</u>
Excess of revenue and other income over expenses attributable to LG	146,223,108	98,703,989

*Continued on next page*

# Lancaster General Health

## Consolidated Statements of Operations and Changes in Net Assets (continued) Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Unrestricted net assets (continued)</b>		
Excess of revenue and other income over expenses attributable to LG <i>(from previous page)</i>	\$ 146,223,108	\$ 98,703,989
Other changes in unrestricted net assets		
Net assets released from restrictions - purchase of property, plant and equipment	11,768	10,654,004
Change in non-controlling interests	104,957	73,694
Change in pension liability	(31,583,741)	141,439,484
Change in other post retirement benefits	(33,195)	(977,632)
Effects of deconsolidation of affiliate	-	(2,296,579)
Increase in unrestricted net assets	<u>114,722,897</u>	<u>247,596,960</u>
<b>Temporarily restricted net assets</b>		
Restricted contributions and gifts	1,903,688	5,451,549
Investment income	185,941	187,502
Net realized gains on sale of trading securities	462,678	16,274
Change in net unrealized gains and losses on trading securities	430,240	289,129
Net assets released from restrictions	(1,780,690)	(14,634,131)
Effects of deconsolidation of affiliate	-	(212,303)
Increase (decrease) in temporarily restricted net assets	<u>1,201,857</u>	<u>(8,901,980)</u>
<b>Permanently restricted net assets</b>		
Restricted contributions and gifts	326,726	123,512
Change in net unrealized gains and losses on trading securities	413,818	400,731
Change in fair value of beneficial interest in trusts	323,669	137,951
Effects of deconsolidation of affiliate	-	(1,440,315)
Increase (decrease) in permanently restricted net assets	<u>1,064,213</u>	<u>(778,121)</u>
Increase in net assets	116,988,967	237,916,859
Net assets, beginning of year	<u>942,479,727</u>	<u>704,562,868</u>
Net assets, end of year	<u>\$1,059,468,694</u>	<u>\$ 942,479,727</u>

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

**Lancaster General Health**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Operating activities</b>		
Increase in net assets	\$ 116,988,967	\$ 237,916,859
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in pension liability	31,583,741	(141,439,484)
Change in other post retirement benefits	33,195	977,632
Depreciation and amortization	54,975,965	51,231,563
Provision for bad debts	44,011,480	41,536,527
Equity earnings in non-consolidated affiliates, net	(9,392,106)	(10,395,960)
Net realized and unrealized gains on trading securities	(75,610,683)	(29,223,674)
Change in fair value of interest rate swap agreement	177,243	(2,996,097)
Change in fair value of beneficial interest in trusts	(680,492)	(338,721)
Restricted contributions, gifts, grants, and restricted income	(636,145)	(827,881)
Changes in certain assets and liabilities		
Patient accounts receivable	(51,456,442)	(31,348,121)
Other receivables	10,501,808	(7,341,303)
Inventories	(1,995,534)	(7,764,511)
Prepaid expenses and other current assets	(2,111,282)	428,375
Other assets	(620,078)	1,199,471
Accounts payable	6,026,860	(9,600,994)
Accrued payroll and related benefits	(1,730,745)	5,022,494
Estimated settlements with third-party payors	57,663	1,673,000
Accrued pension liability	(30,792,244)	13,075,058
Other liabilities	(2,108,806)	(7,570,449)
Net cash provided by operating activities before trading securities	87,222,365	104,213,784
Change in investments and assets limited as to use trading securities	(44,280,197)	(28,831,868)
Net cash provided by operating activities	42,942,168	75,381,916
<b>Investing activities</b>		
Net purchases of property, plant and equipment	(44,359,644)	(75,077,373)
Distributions from non-consolidated affiliates, net	8,778,906	9,286,483
Net cash used in investing activities	(35,580,738)	(65,790,890)
<b>Financing activities</b>		
Restricted contributions, gifts, grants, and restricted income	636,145	827,881
Repayments of long-term debt	(7,917,262)	(7,669,577)
Net cash used in financing activities	(7,281,117)	(6,841,696)
Increase in cash and cash equivalents	80,313	2,749,330
Cash and cash equivalents, beginning of year	16,028,131	13,278,801
Cash and cash equivalents, end of year	<u>\$ 16,108,444</u>	<u>\$ 16,028,131</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest, net of amounts capitalized	<u>\$ 9,408,401</u>	<u>\$ 6,025,226</u>
Cash paid for income taxes	<u>\$ 158,635</u>	<u>\$ 115,923</u>
Noncash investing and financing activities		
Capital lease obligations incurred in exchange for equipment	<u>\$ 1,227,340</u>	<u>\$ 2,313,333</u>
(Decrease) increase in accrual for the purchase of property, plant and equipment	<u>\$ (821,039)</u>	<u>\$ 2,246,653</u>

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

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

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

Lancaster General Health is a not-for-profit organization which provides managerial and financial support to its controlled organizations and is also responsible for undertaking activities to improve the health of the community. The related entities under the control of Lancaster General Health include:

Lancaster General Hospital (the Hospital), founded in 1893 as a private, voluntary, nonsectarian general hospital, has 630 beds and is located in the City of Lancaster, Pennsylvania. Its primary service area is comprised of Lancaster City and 14 surrounding communities. The Hospital provides a full range of primary and secondary health care services and is a major referral center. The sole member of the Hospital is Lancaster General Health. The Hospital and its controlled entities are collectively referred to as LGH.

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

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

Lancaster General Imaging Corporation (LGIC) is a not-for-profit corporation located in the City of Lancaster, Pennsylvania. LGIC has a 75% ownership interest in the Lancaster PET Partnership, LLP (PET) and a 57.5% ownership interest in the MRI Group, LLP (MRI). Effective July 1, 2014, the sole membership of LGIC was transferred from the Hospital to Lancaster General Rehabilitation Services, Inc.

Lancaster General Ambulatory Surgical Services, Inc. (LGAMB) is a not-for-profit corporation which owns 50% of Physicians' Surgery Center - Lancaster General. Effective July 1, 2014, the sole membership of LGAMB was transferred from the Hospital to Lancaster General Rehabilitation Services, Inc.

Lancaster General Health Community Care Collaborative, LLC (LGHCCC) is a domestic limited liability company formed as an accountable care organization to receive and distribute shared savings from the Medicare Shared Savings Program. LGH has a 97% ownership of LGHCCC, while Lancaster General Medical Group (LGMG), The Heart Group of Lancaster General Health (THG) and CHC each own 1%.

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

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

Lancaster General Services Business Trust (LGSBT) is a for-profit Pennsylvania business trust solely owned by Lancaster General Health. LGSBT owns and operates Barge-Ganse Venacare Business Trust (BGVBT) and real estate properties.

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

Lancaster General Rehabilitation Services, Inc (LRSI) is a not-for-profit corporation which owns 50% of Lancaster Rehabilitation Hospital. The sole member of LRSI is Lancaster General Health. Effective July 1, 2014, the name of LRSI was changed to Lancaster General Health Holdings Company.

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

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

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

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

### **Basis of Presentation**

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

### **Principles of Consolidation**

The consolidated financial statements include the accounts of Lancaster General Health and the related entities under its control (collectively, LG). LG, through LGIC, owns certain interests in companies at June 30, 2014 and 2013, which are included in the consolidated financial statements, with the non-controlling interests of PET and MRI reported as a component of net assets. All significant intercompany balances and transactions have been eliminated.

As of July 1, 2012, Lancaster Cleft Palate Clinic (LCPC) was no longer affiliated with LG, as such, this change in the ownership interest of LCPC required its deconsolidation during the year ended June 30, 2013.

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and affect the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions are related to the determination of allowance for doubtful accounts and contractual allowances for patient accounts receivable, settlements with third-party payors, useful lives of property, plant and equipment, actuarial estimates for the post retirement benefit plan, self-insured reserves, including professional and general liabilities, and the reported fair values of certain assets and liabilities. Actual results could differ from those estimates.

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

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

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

#### **Inventories**

Inventories, which consist of prepaid supplies, are stated at the lower of cost, determined by the weighted-average cost method, or market

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

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

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Equities that are listed on an exchange are valued at their last sales price on the date of determination on the primary exchange. Fixed income positions are generally priced at the close of market using third-party data providers; such positions will be marked at the "bid" price.

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

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

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenues and other income over expenses unless the income or loss is restricted by donor or law. Investment income is net of investment fees of \$2,358,442 and \$2,260,748 for the years ended June 30, 2014 and 2013, respectively.

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

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

Property, plant and equipment acquisitions are recorded at cost. Donated assets are recorded at their fair value at the date of donation. Depreciation is expensed over the estimated useful lives of each depreciable asset and is computed using the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest costs incurred, net of income earned, on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Capitalized interest amounted to \$865,322 at June 30, 2013. Repair and maintenance costs are expensed as incurred. When property, plant and equipment are retired, sold, or otherwise disposed of, the asset's carrying value and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

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

LG continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, LG uses an estimate of the related discounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable. An impairment loss on these assets is measured as the excess of the carrying amount of the asset over its fair value. Fair value is based on market prices where available, or discounted cash flows. At June 30, 2013, LG recorded an impairment loss of long-lived assets of \$3,003,790 related to THG.

#### **Deferred Financing Costs**

Deferred debt issuance costs included in other assets at June 30, 2014 and 2013, totaling \$1,860,830 and \$1,934,690, respectively, are amortized over the life of the related debt.

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

LG has been named as a beneficiary of several trusts, including a charitable remainder trust, to be held in perpetuity, which are administered and controlled by independent trustees. LG has recorded its portion of the fair value of the trusts as permanently restricted, with the exception of one trust that is temporarily restricted. LG records the earnings from these investments as unrestricted or restricted investment income, based on the donor's stipulation. The fair value of the asset is measured at least annually based on the current fair value of the trust. There was no contribution revenue recognized under these trusts for the years ended June 30, 2014 and 2013.

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

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

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

#### **Charitable Gift Annuities**

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

Charitable gift annuity assets totaled \$2,541,755 and \$1,923,061 as of June 30, 2014 and 2013, respectively, and are included in investments - donor restricted on the consolidated balance sheets. Annuity payment liabilities total \$898,943 and \$810,652 as of June 30, 2014 and 2013, respectively, and are included in other liabilities on the consolidated balance sheets. Contribution revenue recognized under these agreements was \$101,274 and \$549,761 for the years ended June 30, 2014 and 2013, respectively.

#### **Derivative Financial Instruments**

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

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

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

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

#### **Estimated Professional Liability**

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



# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

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

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

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

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

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

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

#### **Community Care**

LG provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. LG does not pursue collection of amounts determined to qualify as financial assistance, therefore, they are not reported as revenue. The estimated costs of providing community care are based on data derived from LG's cost accounting system. LG's threshold for financial assistance is 400% of the Federal Poverty Guidelines (FPG). LG uses a sliding scale to determine actual discounts to be provided to patients who have income less than 400% of the FPG. This policy results in LG's assumption of higher-than-normal patient receivable credit risk. Any additional losses realized as a result of this assumption are included in the provision for bad debt.

#### **Medical Services**

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

#### **Other Revenue**

Other revenue is comprised of tuition revenue, cafeteria revenue, rental income and other miscellaneous items.

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments for eligible hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology. For Medicare and Medicaid EHR incentive payments, LG utilizes a grant accounting model to recognize revenue. Under this accounting policy, EHR incentive payments were recognized as revenue when attestation that the EHR meaningful use criteria for the required period of time was demonstrated. Accordingly, LG recognized \$2,672,386 and \$7,685,686 of EHR revenue for the years ended June 30, 2014 and 2013, respectively. These amounts are included in other non-operating income in the consolidated statements of operations and changes in net assets.

LG's attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee. Additionally, Medicare EHR incentive payments received are subject to retrospective adjustment.

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

The consolidated statements of operations and changes in net assets include the excess of revenue and other income over expenses. Changes in unrestricted net assets that are excluded from the excess of revenue and other income over expenses, consistent with industry practice, include 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), changes in non-controlling interests, changes in pension liability, changes in other post retirement benefits, and the net asset effect of the deconsolidation of an affiliate.

#### Income Taxes

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

In December 2012, LGAMB and LRSI received tax-exempt status as described in IRC Section 501(c)(3), and as a result, the following table summarizes the activity related to LG's accrued uncertain tax positions:

Uncertain tax positions, June 30, 2012	\$ 10,009,621
Reversal of uncertain tax position	<u>(10,009,621)</u>
Uncertain tax positions, June 30, 2013	<u>\$ -</u>

LG accrued interest and penalties of \$2,082,268 as of June 30, 2012 related to these uncertain tax positions. After receipt of the tax-exempt letters in December 2012, the accrued interest and penalties were reversed.

The tax years subject to examination by the IRS and the Commonwealth of Pennsylvania for LG and its affiliates are 2011 through 2014.

#### Reclassifications

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

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

#### NOTE C - COMMUNITY CARE

A portion of LG's overall operating expense relates to costs incurred in providing and meeting certain community needs. A standard reporting and accountability process is utilized to estimate the net cost of these services. Costs reported are net of payor reimbursement and contributions or grants that have been provided to LG and designated for these purposes.

The level of community care provided as identified in accordance with LG's accounting policies is as follows:

	Year ended June 30	
	2014	2013
Charitable services		
Unpaid cost of state programs to the financially disadvantaged (e.g., Medicaid)	\$ 62,019,000	\$ 66,906,000
Unpaid cost of services to other financially disadvantaged persons	8,721,000	11,789,000
Other community services		
Unpaid cost of education programs	10,716,000	10,427,000
Cost of other community services	<u>6,059,000</u>	<u>8,922,000</u>
Total community care at cost	<u>\$ 87,515,000</u>	<u>\$ 98,044,000</u>

#### NOTE D - NET PATIENT SERVICE REVENUE

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

Certain services for Medicare beneficiaries are paid based on a cost reimbursement methodology, subject to certain limitations. These services are paid at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the programs' fiscal intermediary. Provisions for estimated adjustments resulting from audit and final settlements have been recorded. Differences between the estimated adjustments and the amounts settled are recorded in the year of settlement. Fiscal intermediaries have not audited or finalized the cost report for LGH for the years ended June 30, 2014, 2013, 2012 and 2011.

In the opinion of management, adequate provision has been made for adjustments that may result from the final settlement of cost reports and other adjustments. The consolidated financial statements include an increase to net patient service revenue related to the settlement and/or adjustments of the prior-year cost reports and other third-party settlement estimates of \$2,108,622 and \$1,642,893 for the years ended June 30, 2014 and 2013, respectively.

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

Revenues from Medicare and Medicaid programs collectively accounted for approximately 39% of net patient service revenues for the years ended June 30, 2014 and 2013. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

In December 2010, the Department of Public Welfare (DPW) received approval from the Centers of Medicare and Medicaid Services (CMS) for the Pennsylvania state plan amendments pursuant to Pennsylvania Act 49 of 2010 that, among other things, established a new inpatient hospital fee-for-service payment system (using APRDRG), established enhanced hospital payments through the state's Medical Assistance (MA) managed care program, and secured additional matching Medicaid funds through the establishment of the Quality Care Assessment. In February 2011, the DPW received the approvals necessary from CMS and the final technical language from the DPW contracts with managed care organizations. The Hospital and Healthcare Association of Pennsylvania issued hospital-specific impacts of the MA payment modernization for the years ended June 30, 2014 and 2013. LG has recorded the results in net patient revenue in the consolidated statements of operations and changes in net assets for the years ended June 30, 2014 and 2013.

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

Patient service revenue for the years ended June 30, 2014 and 2013, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources based on primary insurance designation, is as follows:

	<u>Third-Party Payors</u>	<u>Self-Pay</u>	<u>Total All Payors</u>
<b><u>2014 and 2013</u></b>			
Patient service revenue (net of contractual allowances and discounts)	<u>99%</u>	<u>1%</u>	<u>100%</u>

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

**NOTE E - OTHER REVENUE**

The composition of other revenue is presented in the following table

	<b>Year ended June 30</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
Tuition	\$ 18,505,371	\$ 16,877,615
Cafeteria	4,026,034	3,999,486
Rental income	5,215,723	5,329,004
Other	<u>7,676,502</u>	<u>4,812,723</u>
	<b><u>\$ 35,423,630</u></b>	<b><u>\$ 31,018,828</u></b>

**NOTE F - OPERATING EXPENSES**

The composition of operating expenses is presented in the following table

	<b>Year ended June 30</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
Salaries and benefits	\$ 508,851,340	\$ 508,129,982
Medical and surgical supplies	145,502,225	131,114,024
Other	<u>204,622,749</u>	<u>192,760,212</u>
	<b><u>\$ 858,976,314</u></b>	<b><u>\$ 832,004,218</u></b>

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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

The composition of investments is presented in the following table

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Money market funds	\$ 23,366,188	\$ 16,667,798
Equity		
Domestic	93,276,119	86,061,223
Mutual funds		
Domestic	102,054,832	87,195,541
International	114,357,547	59,097,214
Fixed income	1,048,017	720,053
Government securities	137,428,225	114,752,080
Fixed income		
Domestic	206,833,365	198,912,508
International	1,047,570	1,463,493
Common collective funds		
Equity - domestic	613,785	4,050,348
Equity - international	414,134	35,280,940
Fixed income	104,308,542	88,608,317
Alternative strategies		
Real assets	69,346,525	54,451,298
Absolute return	33,352,892	27,694,711
Venture capital	15,663,288	11,095,118
Total investments	903,111,029	786,050,642
Less current portion	(53,271,919)	(33,795,379)
Total investments, net of current portion	<u>\$849,839,110</u>	<u>\$752,255,263</u>

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

	June 30	
	2014	2013
Money market funds	\$ 5,726,363	\$ 6,435,931
Mutual funds		
Domestic	9,192,526	7,484,865
International	1,015,022	-
Government securities	920,616	274,292
Fixed income		
Domestic	1,142,912	734,350
Common collective funds		
Equity - domestic	200,702	281,982
Equity - international	135,413	34,219
Cash surrender value life insurance	<u>3,032,295</u>	<u>3,289,717</u>
Total investments	21,365,849	18,535,356
Less current portion	<u>(5,408,880)</u>	<u>(6,114,536)</u>
Total investments, net of current portion	<u>\$ 15,956,969</u>	<u>\$ 12,420,820</u>

LG holds assets limited as to use for the following purposes

	June 30	
	2014	2013
Under bond indenture agreements	\$ 5,369,293	\$ 6,059,680
Supplemental executive retirement plan	12,424,673	8,631,103
Split dollar life compensation plan	3,032,296	3,289,717
Board designated	500,000	500,000
Other restricted	<u>39,587</u>	<u>54,856</u>
	<u>\$ 21,365,849</u>	<u>\$ 18,535,356</u>

## NOTE H - FAIR VALUE MEASUREMENTS

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

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

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

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

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

<u>Description</u>				
<b>June 30, 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ -	\$ 29,092,551	\$ -	\$ 29,092,551
Equity				
Domestic	93,276,119	-	-	93,276,119
Mutual funds				
Domestic	111,247,358	-	-	111,247,358
International	115,372,569	-	-	115,372,569
Fixed income	1,048,017	-	-	1,048,017
Government securities	-	138,348,841	-	138,348,841
Fixed income				
Domestic	-	207,976,277	-	207,976,277
International	-	1,047,570	-	1,047,570
Common collective funds				
Equity - domestic	814,487	-	-	814,487
Equity - international	549,547	-	-	549,547
Fixed income	1,020,138	103,288,404	-	104,308,542
Alternative strategies				
Real assets	36,292,499	33,054,026	-	69,346,525
Absolute return	-	16,682,278	16,670,614	33,352,892
Venture capital	-	-	15,663,288	15,663,288
Cash surrender value life insurance	-	3,032,295	-	3,032,295
Beneficial interest in trusts	-	-	9,551,881	9,551,881
Total assets	<u>\$359,620,734</u>	<u>\$532,522,242</u>	<u>\$ 41,885,783</u>	<u>\$ 934,028,759</u>
Interest rate swap	\$ -	\$ 5,914,964	\$ -	\$ 5,914,964
Total liabilities	<u>\$ -</u>	<u>\$ 5,914,964</u>	<u>\$ -</u>	<u>\$ 5,914,964</u>



# Lancaster General Health

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

<u>Description</u>				
<b>June 30, 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ -	\$ 23,103,729	\$ -	\$ 23,103,729
Equity				
Domestic	86,061,223	-	-	86,061,223
Mutual funds				
Domestic	94,680,406	-	-	94,680,406
International	59,097,214	-	-	59,097,214
Fixed income	720,053	-	-	720,053
Government securities	-	115,026,372	-	115,026,372
Fixed income				
Domestic	-	199,646,858	-	199,646,858
International	-	1,463,493	-	1,463,493
Common collective funds				
Equity - domestic	1,685,610	-	2,646,720	4,332,330
Equity - international	164,687	35,150,472	-	35,315,159
Fixed income	-	88,608,317	-	88,608,317
Alternative strategies				
Real assets	-	54,451,298	-	54,451,298
Absolute return	-	13,000,732	14,693,979	27,694,711
Venture capital	-	-	11,095,118	11,095,118
Cash surrender value life insurance	-	3,289,717	-	3,289,717
Beneficial interest in trusts	-	-	8,871,389	8,871,389
Total assets	<u>\$242,409,193</u>	<u>\$533,740,988</u>	<u>\$ 37,307,206</u>	<u>\$813,457,387</u>
Interest rate swap	\$ -	\$ 5,737,721	\$ -	\$ 5,737,721
Total liabilities	<u>\$ -</u>	<u>\$ 5,737,721</u>	<u>\$ -</u>	<u>\$ 5,737,721</u>

There were no transfers between fair value Levels 1 and 2 for the years ended June 30, 2014 and 2013

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

<u>Category</u>		<u>Fair value at June 30,</u>	<u>2014</u>	<u>2013</u>	<u>Redemption</u>	<u>Redemption</u>	<u>Lock</u>
					<u>frequency</u>	<u>notice period</u>	<u>period</u>
Common collective trusts							
Domestic equity fund	(a)	\$	-	\$ 3,271,720	N/A	65-95 days	N/A
International equity fund	(b)		-	35,150,472	N/A	30 days	N/A
Alternative strategies							
Real asset							
Strategy fund	(c)		-	27,330,156	Monthly	Less than 30 days	N/A
Diversified inflation fund	(d)	68,958,290		26,841,415	Monthly	10 days	N/A
Absolute return							
Diversified non-taxable offshore fund	(e)	16,670,614		14,693,979	Semi-annually	95 days	N/A
Financial instrument and debt fund	(f)	16,682,278		13,000,732	Quarterly	65 days	N/A

(a) *Domestic equity fund* Holdings in this category invest in marketable domestic United States equity funds

(b) *International equity fund* Holdings in this category invest in marketable international equity funds excluding the United States

(c) *Real asset strategy fund* Holdings in this category invest in various collective fund-of-funds focusing on global real-estate investment trusts, domestic and foreign securities, U S government obligations, emerging market equities and commodity funds

(d) *Real asset diversified inflation fund* Holdings in this category include swap and futures contracts, inflation protected securities and marketable fixed income and international equity funds

(e) *Absolute return diversified non-taxable offshore fund* Investments in this fund focus on multi-strategy investing including, but not limited to, a variety of investee funds with investment strategies in limited partnerships, private equity, commodity funds and managed foreign currency futures

(f) *Absolute return financial instrument and debt fund* This fund's investments include any interest in or vehicle relating to foreign financial instruments and the debt of financially distressed and/or highly leveraged companies Fund strategies include, but are not limited to, fixed income arbitrage, convertible securities, managed futures and event-driven funds that attempt to capitalize on situations such as spin-offs, recapitalizations and asset sales

LG has unfunded commitments of \$10,464,801 as of June 30, 2014 for venture capital investments

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

The following table presents additional information regarding assets measured at fair value on a recurring basis and for which LG has utilized Level 3 inputs to determine fair value for the years ended June 30, 2014 and 2013

Balance, June 30, 2012	\$ 29,296,469
Purchases	6,804,162
Change in net unrealized gains and losses	<u>1,206,575</u>
Balance, June 30, 2013	37,307,206
Purchases	3,326,873
Transfer from Level 3 to Level 2	(2,646,720)
Change in net unrealized gains and losses	<u>3,898,424</u>
Balance, June 30, 2014	<u>\$ 41,885,783</u>

## NOTE I - PROPERTY, PLANT AND EQUIPMENT

	Range of useful lives	June 30	
		2014	2013
Land		\$ 36,807,728	\$ 34,539,948
Land improvements	10 to 25 years	16,817,289	15,677,957
Equipment	5 to 20 years	563,631,249	555,623,806
Buildings and building improvements	25 to 40 years	427,571,080	392,077,080
Construction in progress		<u>19,397,538</u>	<u>75,582,680</u>
		1,064,224,884	1,073,501,471
Less accumulated depreciation and amortization		<u>(568,569,351)</u>	<u>(567,709,779)</u>
		<u>\$ 495,655,533</u>	<u>\$ 505,791,692</u>

Total depreciation and amortization expense for property, plant and equipment for the years ended June 30, 2014 and 2013 was \$54,902,105 and \$51,250,717, respectively

Construction in progress relates to building renovations and construction, information systems and medical equipment. At June 30, 2014, LGH has commitments for these projects of \$830,454

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

	June 30	
	2014	2013
Equipment	\$ 11,999,391	\$ 14,127,763
Less accumulated amortization	<u>(5,694,348)</u>	<u>(5,670,113)</u>
	<u>\$ 6,305,043</u>	<u>\$ 8,457,650</u>

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

**NOTE J - LONG-TERM DEBT**

Long-term debt consists of the following

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Bonds payable - \$25,250,000, Hospital Revenue Bonds, Series 2012A, with annual payments beginning on July 1, 2014 ranging from \$550,000 to \$1,400,000 through 2042, with interest rates varying monthly (1 00% and 1 04% at June 30, 2014 and 2013, respectively)	\$ 25,250,000	\$ 25,250,000
Bonds payable - \$93,755,000, Hospital Revenue Bonds, Series 2012B, with annual principal payments on July 1 ranging from \$760,000 to \$10,165,000 through 2043, with interest rate varying from 2 0% to 5 0% due on January 1 and July 1 Amounts include original issue net premium of \$3,498,237 and \$4,066,446 at June 30, 2014 and 2013, respectively	93,213,237	97,821,446
Bonds payable - \$96,825,000, Hospital Revenue Bonds, Series 2007, with principal payments beginning on March 15, 2019 ranging from \$3,480,000 to \$7,760,000 through 2036 with interest rates varying from 4 25% to 5 0% due on March 15 and September 15 Amounts include original issue premium of \$2,117,122 and \$2,214,461 at June 30, 2014 and 2013, respectively	98,942,122	99,039,461
Note payable, collateralized by MRI accounts receivable, inventory, and equipment, matures September 2018, in monthly installments of \$19,881 including interest at a fixed rate of 5 8% through March 2018, then at LIBOR plus 1 5% through September 2018 (1 65% and 1 69% at June 30, 2014 and 2013, respectively)	894,423	1,074,728
Note payable PCHS, collateralized by the Hospital, matures July 2015, monthly principal of \$6,250 with a balloon payment of \$1,018,750 and interest at LIBOR plus 1 15% (1 31% and 1 34% at June 30, 2014 and 2013, respectively)	1,093,750	1,168,750
Capital lease obligations, with various interest rates, secured by leased equipment Amounts included original issue premium of \$3,753 and \$7,435 at June 30, 2014 and 2013, respectively	<u>4,422,968</u>	<u>6,152,037</u>
	223,816,500	230,506,422
Less current portion	<u>(6,189,253)</u>	<u>(7,107,874)</u>
	<u><b>\$217,627,247</b></u>	<u><b>\$223,398,548</b></u>

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

Covenants under the Master Trust Indenture for the bonds include requirements as to the permitted level of indebtedness, restrictions on the sale of certain assets, mergers, and other significant transactions, including a requirement that the Obligated Group (the Hospital and Lancaster General Health - Parent Only) generate funds available for debt service (as defined) equivalent to at least 110% of maximum annual debt service. At June 30, 2014 and 2013, the Obligated Group is in compliance with all financial covenants related to the bonds

LG uses current quoted market prices in estimating the fair value of its Revenue Bonds. The carrying value of the other long-term debt approximates fair value. The fair value of long-term debt, excluding capital lease obligations, at June 30, 2014 and 2013 is \$222,712,435 and \$216,876,089, respectively

Annual maturities of long-term debt and capital leases (net of bond and lease premiums of \$5,619,112) are as follows

2015	\$ 6,189,253
2016	6,821,474
2017	5,591,177
2018	5,443,690
2019	1,511,794
Thereafter	<u>192,640,000</u>
	<u>\$218,197,388</u>

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

LG maintains various letters of credit totaling \$17,374,129 and \$22,163,440 at June 30, 2014 and 2013, respectively, to cover balances due on construction projects and reinsurance agreements. No amounts are outstanding under the letters of credit at June 30, 2014 and 2013

PCHS maintains a \$1,500,000 line of credit with a bank, which may be used for various items. The line of credit expires on July 1, 2015. The interest rate is LIBOR plus 1.75%. No amounts were outstanding at June 30, 2014 and 2013

MRI maintains a demand note payable to a bank which remains open for advances up to the sum of \$1,000,000. The interest rate is LIBOR plus 2.50%. No amounts were outstanding at June 30, 2014 and 2013

#### NOTE L - DERIVATIVE FINANCIAL INSTRUMENTS

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

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

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

Fixed swap - notional amount	\$25,000,000
Fixed rate	3.98%
Variable rate at June 30, 2014	0.10%
Variable rate at June 30, 2013	0.14%
Maturity date	July 1, 2041

The change in the fair value of LG's interest rate swap is comprised of an increase in the liability of \$177,243 and interest expense paid of \$965,546 for the year ended June 30, 2014 and a decrease in the liability of \$2,996,097 and interest expense paid of \$929,441 for the year ended June 30, 2013. The change is included in other income (loss) as a component of excess of revenues and other income over expenses in the consolidated statements of operations and changes in net assets. At June 30, 2014 and 2013, the fair value of the interest rate swap represented a liability of \$5,914,964 and \$5,737,721, respectively, and is included in other liabilities.

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

LG's exposure to credit risk, associated with its interest rate swap, is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. In the opinion of management as of June 30, 2014 and 2013, LG was not exposed to any risk of loss.

## NOTE M - POST RETIREMENT BENEFIT PLANS

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

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

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

Lancaster General Health uses a June 30 measurement date for the Pension, SERP and Welfare Plan. The following table summarizes information about the Pension, SERP and Welfare Plan.

	June 30, 2014		
	Pension	SERP	Welfare Plan
Weighted-average assumptions to determine benefit obligations			
Discount rate	4.62%	3.46%	4.62%
Rate of compensation increase	N/A	3.00%	N/A
Changes in benefit obligations			
Projected benefit obligations, beginning of year	\$ 636,999,466	\$ 13,674,422	\$ 1,116,907
Service cost	1,400,000	-	-
Interest cost	33,168,123	527,936	57,350
Actuarial loss	78,820,652	474,776	23,835
Benefits paid	(18,898,803)	(400,798)	(71,641)
Project benefit obligations, end of year	<u>\$ 731,489,438</u>	<u>\$ 14,276,336</u>	<u>\$ 1,126,451</u>
Changes in plan assets			
Fair value of plan assets, beginning of year	\$ 474,064,966	\$ -	\$ -
Actual return on plan assets	72,597,278	-	-
Employer contributions	40,000,000	400,798	71,641
Benefits paid	(18,898,803)	(400,798)	(71,641)
Fair value of plan assets, end of year	<u>\$ 567,763,441</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status of plan at end of year - recognized in consolidated balance sheets as			
Accrued pension liability	<u>\$ (163,725,997)</u>	<u>\$ -</u>	<u>\$ -</u>
Other liabilities (current and non-current)	<u>\$ -</u>	<u>\$ (14,276,336)</u>	<u>\$ (1,126,451)</u>
Accumulated benefit obligation	<u>\$ 731,489,438</u>	<u>\$ 13,027,591</u>	<u>\$ -</u>
Amounts recognized in the unrestricted net assets consist of			
Actuarial loss	\$ 221,927,199	\$ 4,185,979	\$ 548,985
Prior service credit	-	-	(1,964,861)
	<u>\$ 221,927,199</u>	<u>\$ 4,185,979</u>	<u>\$ (1,415,876)</u>

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

	June 30, 2014		
	<u>Pension</u>	<u>SERP</u>	<u>Welfare Plan</u>
Amounts expected to be recognized in net periodic benefit cost in the following year			
Actuarial loss	\$ 13,969,789	\$ 689,586	\$ 30,599
Prior service credit	<u>-</u>	<u>-</u>	<u>(147,512)</u>
	<u>\$ 13,969,789</u>	<u>\$ 689,586</u>	<u>\$ (116,913)</u>
Components of net periodic benefit cost (income)			
Service cost	\$ 1,400,000	\$ -	\$ -
Interest cost	33,168,123	527,936	57,350
Expected return on assets	(37,141,159)	-	-
Amortization of unrecognized prior service credit	-	-	(147,512)
Amortization of unrecognized net actuarial loss	<u>11,780,792</u>	<u>582,967</u>	<u>29,961</u>
Net periodic benefit cost (income)	<u>\$ 9,207,756</u>	<u>\$ 1,110,903</u>	<u>\$ (60,201)</u>
Other changes in pension liability and other post retirement benefits recognized in unrestricted net assets consist of			
Net actuarial loss	\$ 43,364,533	\$ 474,776	\$ 23,835
Prior service credit	-	-	147,512
Amortization of net actuarial loss	<u>(11,780,792)</u>	<u>(582,967)</u>	<u>(29,961)</u>
	<u>\$ 31,583,741</u>	<u>\$ (108,191)</u>	<u>\$ 141,386</u>
Total recognized in net benefit cost and other changes in pension liability and other post retirement benefits recognized in unrestricted net assets	<u>\$ 40,791,497</u>	<u>\$ 1,002,712</u>	<u>\$ 81,185</u>
Weighted-average assumptions used to determine net periodic benefit cost (income) for the year ended			
Discount rate	5.28%	3.99%	5.28%
Rate of compensation increase	N/A	3.00%	N/A
Expected return on the plan assets	7.50%	N/A	N/A



**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

	June 30, 2013		
	<u>Pension</u>	<u>SERP</u>	<u>Welfare Plan</u>
Weighted-average assumptions to determine benefit obligations			
Discount rate	5.28%	3.99%	5.28%
Rate of compensation increase	N/A	3.00%	N/A
Changes in benefit obligations			
Projected benefit obligations, beginning of year	\$ 713,821,055	\$ 11,945,808	\$ 1,166,949
Service cost	24,007,666	-	-
Interest cost	34,178,362	579,179	55,061
Actuarial (gain) loss	(48,775,010)	1,550,233	(59,311)
Benefits paid	(16,566,831)	(400,798)	(45,792)
Gain due to curtailment	(69,665,776)	-	-
Project benefit obligations, end of year	<u>\$ 636,999,466</u>	<u>\$ 13,674,422</u>	<u>\$ 1,116,907</u>
Changes in plan assets			
Fair value of plan assets, beginning of year	\$ 422,522,129	\$ -	\$ -
Actual return on plan assets	36,728,771	-	-
Employer contributions	31,380,897	400,798	45,792
Benefits paid	(16,566,831)	(400,798)	(45,792)
Fair value of plan assets, end of year	<u>\$ 474,064,966</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status of plan at end of year - recognized in consolidated balance sheets as			
Accrued pension liability	<u>\$ (162,934,500)</u>	<u>\$ -</u>	<u>\$ -</u>
Other liabilities (current and non-current)	<u>\$ -</u>	<u>\$ (13,674,422)</u>	<u>\$ (1,116,907)</u>
Accumulated benefit obligation	<u>\$ 636,999,466</u>	<u>\$ 11,714,867</u>	<u>\$ -</u>
Amounts recognized in the unrestricted net assets consist of			
Actuarial loss	\$ 190,343,458	\$ 4,294,170	\$ 555,111
Prior service credit	-	-	(2,112,373)
	<u>\$ 190,343,458</u>	<u>\$ 4,294,170</u>	<u>\$ (1,557,262)</u>

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

	June 30, 2013		
	<u>Pension</u>	<u>SERP</u>	<u>Welfare Plan</u>
Components of net periodic benefit cost (income)			
Service cost	\$ 24,007,666	\$ -	\$ -
Interest cost	34,178,362	579,179	55,061
Expected return on assets	(33,089,827)	-	-
Amortization of unrecognized prior service credit	(441,318)	239,714	(147,512)
Amortization of unrecognized net actuarial loss	<u>23,889,106</u>	<u>386,331</u>	<u>34,757</u>
Net periodic benefit cost (income)	48,543,989	1,205,224	(57,694)
Curtailment income	<u>(4,088,034)</u>	<u>-</u>	<u>-</u>
Total expense (income)	<u>\$ 44,455,955</u>	<u>\$ 1,205,224</u>	<u>\$ (57,694)</u>
Other changes in pension liability and other post retirement benefits recognized in unrestricted net assets consist of			
Net actuarial (gain) loss	\$(122,079,730)	\$ 1,550,233	\$ (59,311)
Prior service credit	4,529,352	-	147,512
Amortization of prior service credit	-	(239,714)	(34,757)
Amortization of net actuarial loss	<u>(23,889,106)</u>	<u>(386,331)</u>	<u>-</u>
	<u>\$(141,439,484)</u>	<u>\$ 924,188</u>	<u>\$ 53,444</u>
Total recognized in net benefit cost and other changes in pension liability and other post retirement benefits recognized in unrestricted net assets	<u>\$ (96,983,529)</u>	<u>\$ 2,129,412</u>	<u>\$ (4,250)</u>
Weighted-average assumptions used to determine net periodic benefit cost (income) for the year ended			
Discount rate	4.84%	4.84%	4.84%
Rate of compensation increase	3.00%	3.00%	3.00%
Expected return on the plan assets	7.50%	N/A	N/A

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

To develop the expected long-term rate of return on the pension plan assets assumption, Lancaster General Health considered the historical returns and the future expectations for returns for each asset class, as well as the target allocation of the pension portfolio. This resulted in the selection of the 7.50% expected return on plan assets for both the years ended June 30, 2014 and 2013.

#### Plan Assets

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

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

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

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

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

#### Fair Value of the Plan Assets

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

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Asset allocation</u>
<b><u>June 30, 2014</u></b>					
Money market fund	\$ 42,587,187	\$ -	\$ 42,587,187	\$ -	7%
Government securities	28,154,623	-	28,154,623	-	5%
Fixed income	87,715,089	-	87,715,089	-	15%
Equities	63,961,862	63,961,862	-	-	11%
Mutual funds					
Domestic	83,831,827	83,831,827	-	-	15%
International	61,453,892	61,453,892	-	-	11%
Common collective funds					
Fixed income	100,866,320	-	100,866,320	-	18%
Alternative strategies					
Real asset	67,150,715	-	67,150,715	-	12%
Absolute return	32,041,926	-	15,825,732	16,216,194	6%
Total assets	<u>\$567,763,441</u>	<u>\$209,247,581</u>	<u>\$342,299,666</u>	<u>\$ 16,216,194</u>	<u>100%</u>

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Asset allocation</u>
<b><u>June 30, 2013</u></b>					
Money market fund	\$ 15,324,593	\$ -	\$ 15,324,593	\$ -	3%
Government securities	18,328,724	-	18,328,724	-	4%
Fixed income	73,861,257	-	73,861,257	-	16%
Equities	64,221,048	64,221,048	-	-	14%
Mutual funds					
Domestic	82,874,956	82,874,956	-	-	18%
International	52,857,550	52,857,550	-	-	11%
Common collective funds					
Fixed income	67,625,907	-	67,625,907	-	14%
Equity funds-international	30,441,441	-	30,441,441	-	6%
Alternative strategies					
Real asset	42,481,555	-	42,481,555	-	9%
Absolute return	26,047,935	-	13,020,350	13,027,585	5%
Total assets	<u>\$474,064,966</u>	<u>\$199,953,554</u>	<u>\$261,083,827</u>	<u>\$ 13,027,585</u>	<u>100%</u>

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

Balance, June 30, 2012	\$ 23,581,000
Transfer from Level 3 to Level 2	(11,686,768)
Change in net unrealized gains and losses	<u>1,133,353</u>
Balance, June 30, 2013	13,027,585
Purchases	1,999,997
Change in net unrealized gains and losses	<u>1,188,612</u>
Balance, June 30, 2014	<u>\$ 16,216,194</u>

Amounts transferred from Level 3 to Level 2 during the year ended June 30, 2013 was due to the lock-up period being less than a year

### Cash Flows

#### *Contributions*

LG expects to contribute \$18,800,000 to the Pension benefits and \$1,508,660 for the SERP and Welfare Plan during fiscal year 2015

#### *Estimated Future Benefit Payments*

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

	June 30, 2014		
	Pension	SERP	Welfare Plan
2015	\$ 21,277,000	\$ 1,446,660	\$ 62,000
2016	24,854,000	572,145	65,000
2017	27,190,000	484,953	67,000
2018	29,927,000	486,835	70,000
2019	32,203,000	488,900	72,000
2020-2024	193,024,000	5,102,106	381,000

LG is a contributing employer to a defined contribution plan under 403(b) of the Internal Revenue Code. For those employees hired between March 29, 2008 and December 31, 2010, LG has an employer matching contribution equal to 100% of the first 3% contributed to the plan for participants who elected this option. For those hired after December 31, 2010, LG has an employer matching contribution equal to 50% on the first 6% plus a 2% employer basic contribution. Total expenses under this plan for the years ended June 30, 2014 and 2013 were \$23,971,393 and \$6,352,052, respectively.

MRI has a 401(k) plan for its eligible employees to contribute to their respective retirement accounts. Total expense under the plan for the years ended June 30, 2014 and 2013, was \$234,334 and \$45,677, respectively.

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

Additionally, LG provides an unfunded defined contribution supplemental executive retirement plan for the benefit of certain employees. Employer contributions for the years ended June 30, 2014 and 2013 were \$1,138,017 and \$815,554, respectively.

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

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

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

The MCARE Fund is funded on a "pay as you go basis" and assesses health care providers, based on a percentage of the rates established by the Joint Underwriting Association (also a Commonwealth agency) for basic coverage. The MCARE Act of 2002 provides for a further reduction to the current MCARE coverage of \$500,000 per occurrence to \$250,000 per occurrence and the eventual phase-out of the MCARE Fund, subject to the approval of the Pennsylvania Insurance Commissioner. To date, the Pennsylvania Insurance Commissioner has deferred the change in coverage and eventual phase-out of the MCARE Fund to future years.

Professional and general liability indemnity losses and loss adjustment expenses are determined using individual case-based evaluations and statistical analyses and represent an estimate of reported claims and claims incurred but not reported. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for professional and general liability losses and loss adjustment expenses are reasonable. The estimates are reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations.

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Provision for outstanding claims at beginning of year	\$ 34,834,036	\$ 31,499,689
Less provision for claims recoverable from reinsurance	<u>(5,039,715)</u>	<u>(4,947,387)</u>
Net provision for outstanding claims at beginning of year	29,794,321	26,552,302
Incurred claims related to		
Current fiscal year	342,412	2,253,587
Prior fiscal years	<u>2,437,109</u>	<u>3,077,886</u>
	2,779,521	5,331,473
Paid claims related to		
Current fiscal year	(109,267)	(119,437)
Prior fiscal years	<u>(5,556,770)</u>	<u>(1,970,017)</u>
	<u>(5,666,037)</u>	<u>(2,089,454)</u>
Net provision for outstanding claims at end of year	26,907,805	29,794,321
Add provision for claims recoverable from reinsurance	<u>5,086,944</u>	<u>5,039,715</u>
Provision for outstanding claims at end of year	<u>\$ 31,994,749</u>	<u>\$ 34,834,036</u>
Other current liabilities	\$ 3,282,725	\$ 2,831,475
Other long-term liabilities	<u>28,712,024</u>	<u>32,002,561</u>
	<u>\$ 31,994,749</u>	<u>\$ 34,834,036</u>

A self-insurance trust is maintained in amounts equal to periodic estimates of losses and expenses to be incurred, as a component of investments

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

#### NOTE O - LEASES

LG leases certain buildings, equipment, and vehicles under operating lease agreements with initial terms expiring at various dates through fiscal year 2028. In addition, the leases generally contain renewal options that give LG the right to extend the leases for varying additional periods. Rental expense under operating leases for the years ended June 30, 2014 and 2013 was \$10,574,841 and \$9,295,539, respectively.

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

2015	\$ 8,150,660
2016	7,159,421
2017	6,418,249
2018	4,004,916
2019	3,259,329
Thereafter	<u>13,519,003</u>
	<u>\$ 42,511,578</u>

LG acts as lessor for certain office space under operating lease agreements with initial lease terms expiring at various dates through fiscal year 2062. In addition, the leases generally contain renewal options that give the lessee the right to extend the leases for varying additional periods. Rental revenue under operating leases where LG acts as lessor for the years ended June 30, 2014 and 2013 was \$3,623,594 and \$3,584,552, respectively, and is classified as other revenue in the consolidated statements of operations and changes in net assets.

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

2015	\$ 2,852,492
2016	2,380,983
2017	1,806,228
2018	1,597,528
2019	1,360,001
Thereafter	<u>3,852,922</u>
	<u>\$ 13,850,154</u>



# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

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

LG and its controlled affiliates and subsidiaries participate in the following joint ventures, which are accounted for under the equity method of accounting. LG does not maintain significant influence over the joint ventures. The balances of these investments are included on the consolidated balance sheets as investments in non-consolidated affiliates, and the related income (loss) is included on the consolidated statements of operations and changes in net assets as a component of other non-operating income, net.

Name	LG entity	% Ownership	June 30		Year ended June 30	
			2014	2013	2014	2013
Lancaster Emergency Medical Services Association	The Hospital	50%	\$ 3,932,346	\$ 3,587,487	\$ 344,859	\$ 413,081
Central Pennsylvania Alliance Laboratory, LLP	The Hospital	20%	350,273	350,273	-	(99)
Quest Behavioral Health, Inc	The Hospital	20%	74,817	44,225	30,593	(29,370)
The NeuroSpine Center, LP	The Hospital	49.5%	259,121	166,593	358,459	546,074
The Neurological Surgery Center of LNSA, LLC	The Hospital	50%	456	-	-	1,207
Physicians' Surgery Center Lancaster General, LLC	LGAMB	50%	2,136,945	3,072,385	4,712,097	5,600,636
Lancaster Rehabilitation Hospital, LLP	LRSI	50%	-	-	3,068,000	2,370,500
Preferred Health Care	LGH	50%	567,128	572,677	(5,549)	33,066
Affilia Home Health	LGH	44.1%	6,073,510	5,837,054	236,457	779,802
Horizon Healthcare Services, Inc	BGVBT	25%	1,330,478	1,404,866	700,613	599,985
LinkEHR, LLC	LGBST	50%	503,287	431,078	72,209	81,078
Allspire	LG	14.3%	874,368	-	(125,632)	-
Other entities	Various	Less than 10%	53,369	76,260	-	-
			<u>\$ 16,156,098</u>	<u>\$ 15,542,898</u>	<u>\$ 9,392,106</u>	<u>\$ 10,395,960</u>

#### NOTE Q - FUNCTIONAL EXPENSES

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

	Year ended June 30	
	2014	2013
Health care services	\$ 655,707,624	\$ 654,052,826
Health education services	12,604,506	12,037,595
General and administrative	<u>254,198,939</u>	<u>225,189,252</u>
	<u>\$ 922,511,069</u>	<u>\$ 891,279,673</u>

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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

Temporarily restricted net assets are available for the following purposes

	<b>June 30</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
Health care programs	\$ 10,478,620	\$ 9,267,838
Health education services	<u>356,076</u>	<u>365,001</u>
	<b><u>\$ 10,834,696</u></b>	<b><u>\$ 9,632,839</u></b>

Permanently restricted net assets are restricted to

	<b>June 30</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
Investments to be held in perpetuity, the income of which is temporarily restricted (reported as temporarily restricted income)	\$ 5,099,328	\$ 5,880,339
Beneficial interest in perpetual trusts	<u>6,637,916</u>	<u>4,792,692</u>
	<b><u>\$ 11,737,244</u></b>	<b><u>\$ 10,673,031</u></b>

During 2014 and 2013, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of health care services, health care education, and purchase of property, plant and equipment in the amounts of \$1,780,690 and \$14,634,131, respectively

**Lancaster General Health**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

**NOTE S - ENDOWMENT**

Changes in restricted endowment net assets for the years ended June 30, 2014 and 2013 are as follows

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets, June 30, 2012	\$ 2,137,173	\$ 6,746,691	\$ 8,883,864
Effects of deconsolidation of affiliate	(124,255)	(1,440,315)	(1,564,570)
Investment return			
Investment income	160,196	-	160,196
Net realized and unrealized gains	<u>218,894</u>	<u>400,732</u>	<u>619,626</u>
Net investment return	379,090	400,732	779,822
New gifts	-	123,512	123,512
Appropriation of endowment assets for expenditure	(31,483)	-	(31,483)
Income distributed or drawn on permanently restricted endowments	(60,298)	-	(60,298)
Other	(1,805)	-	(1,805)
Adjustment for fair value deficiencies	<u>(9,801)</u>	<u>-</u>	<u>(9,801)</u>
Net assets, June 30, 2013	2,288,621	5,830,620	8,119,241
Investment return			
Investment income	162,018	-	162,018
Net realized and unrealized gains	<u>664,547</u>	<u>413,818</u>	<u>1,078,365</u>
Net investment return	826,565	413,818	1,240,383
New gifts	-	326,726	326,726
Appropriation of endowment assets for expenditure	(151,951)	-	(151,951)
Income distributed or drawn on permanently restricted endowments	(190,519)	-	(190,519)
Other	<u>(2,144)</u>	<u>-</u>	<u>(2,144)</u>
Net assets, June 30, 2014	<u>\$ 2,770,572</u>	<u>\$ 6,571,164</u>	<u>\$ 9,341,736</u>

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

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

# Lancaster General Health

## Notes to Consolidated Financial Statements

### June 30, 2014 and 2013

From time to time, the fair value of certain donor-restricted endowment funds may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. LG is not aware of any material deficiencies of this nature and is in compliance with its investment policy as of June 30, 2014.

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

#### NOTE T - CONCENTRATION OF CREDIT RISK

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

	June 30	
	2014	2013
Medicare	35%	35%
Medicaid	10	10
Commercial/HMO	39	39
Self-pay	9	10
Other	<u>7</u>	<u>6</u>
	<u>100%</u>	<u>100%</u>

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

# **Lancaster General Health**

## **Notes to Consolidated Financial Statements**

### **June 30, 2014 and 2013**

#### **NOTE U - COMMITMENTS AND CONTINGENCIES**

LG has commitments for laboratory reagent purchases. At June 30, 2014, the remaining amount on these commitments is \$5,496,462, and they are expected to be completed through fiscal year 2019.

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

#### **NOTE V - SUBSEQUENT EVENTS**

LG has evaluated its June 30, 2014 consolidated financial statements for subsequent events through October 23, 2014, the date the consolidated financial statements were issued. LG is not aware of any subsequent events which require recognition or disclosure in the consolidated financial statements.

**Supplementary information**

**Lancaster General Health**  
**Consolidating Balance Sheet**  
**June 30, 2014**

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	LG Health Foundation	Lancaster General Rehabilitation Services, Inc	Lancaster General Health Innovative Solutions, Inc	Eliminations		Consolidated Lancaster General Health
										Dr	Cr	
<b>Assets</b>												
Current assets												
Cash and cash equivalents	\$ -	\$ 6,695,739	\$ 5,436,377	\$ 766,654	\$ 670,441	\$ 2,534,376	\$ -	\$ -	\$ 4,857	\$ -	\$ -	\$ 16,108,444
Investments	-	45,307,221	-	-	-	3,282,725	-	-	4,681,973	-	-	53,271,919
Assets limited as to use	-	5,408,880	-	-	-	-	-	-	-	-	-	5,408,880
Patient accounts receivable, net	-	101,818,508	4,177,699	1,297,509	-	-	-	-	-	-	-	107,293,716
Other receivables	1,488,489	8,512,167	459,540	384,175	132,525	186,840	27,867	-	-	347,907	-	11,539,510
Inventories	-	14,092,163	51,479	-	192,442	-	-	-	-	-	-	14,336,084
Due from (to) related organizations, net	14,290,428	2,532,171	(1,782,930)	(305,672)	288,200	(14,723,009)	48,719	-	-	-	347,907	-
Prepaid expenses and other current assets	21,185	13,441,940	1,100,768	504,332	44,347	6,491,806	-	-	-	-	-	21,604,378
Total current assets	15,800,102	197,808,789	9,442,933	2,646,998	1,327,955	(2,227,262)	76,586	-	4,686,830	347,907	347,907	229,562,931
Investments												
Unrestricted	718,071,309	62,039,042	-	-	-	44,031,001	12,426,104	-	-	-	-	836,567,456
Donor restricted	2,541,755	10,729,899	-	-	-	-	-	-	-	-	-	13,271,654
	720,613,064	72,768,941	-	-	-	44,031,001	12,426,104	-	-	-	-	849,839,110
Interest in net assets of Lancaster General Health	-	1,514,718	-	-	-	-	61,537	-	-	-	1,576,255	-
Assets limited as to use, net of current portion	15,409,907	500,000	-	-	-	-	47,062	-	-	-	-	15,956,969
Investments in non-consolidated affiliates	7,539,501	6,753,960	-	-	1,862,637	-	-	-	-	-	-	16,156,098
Property, plant and equipment, net	-	481,516,238	5,836,775	4,605,026	3,697,494	-	-	-	-	-	-	495,655,533
Beneficial interest in trusts	370,551	9,181,330	-	-	-	-	-	-	-	-	-	9,551,881
Other assets	-	6,575,143	1,980,000	-	-	-	-	-	-	-	3,310,000	5,245,143
Total assets	\$ 759,733,125	\$ 776,619,119	\$ 17,259,708	\$ 7,252,024	\$ 6,888,086	\$ 41,803,739	\$ 12,611,289	\$ -	\$ 4,686,830	\$ 347,907	\$ 5,234,162	\$ 1,621,967,665
<b>Liabilities and net assets</b>												
Current liabilities												
Current portion of long-term debt	\$ -	\$ 6,189,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,189,253
Accounts payable	-	32,457,239	2,145,625	58,969	95,406	106,853	-	-	-	-	-	34,864,092
Accrued payroll and related benefits	-	37,169,512	7,002,645	2,515,570	100,052	-	-	-	-	-	-	46,787,779
Estimated settlements with third-party payors	-	12,583,663	-	-	-	-	-	-	-	-	-	12,583,663
Other current liabilities	58,420	5,948,405	-	-	29,097	3,282,725	-	-	-	-	1,446,660	10,765,307
Total current liabilities	58,420	94,348,072	9,148,270	2,574,539	224,555	3,389,578	-	-	-	-	1,446,660	111,190,094
Accrued pension liability	163,725,997	-	-	-	-	-	-	-	-	-	-	163,725,997
Other liabilities	16,595,701	20,878,494	2,339,026	576,411	117,500	34,205,161	-	-	-	4,756,660	-	69,955,633
Long-term debt, net of current portion	-	217,627,247	-	-	-	-	-	-	-	-	-	217,627,247
Total liabilities	180,380,118	332,853,813	11,487,296	3,150,950	342,055	37,594,739	-	-	-	4,756,660	1,446,660	562,498,971
Net assets												
Unrestricted												
Unrestricted net assets LG	577,497,472	417,852,833	5,772,412	4,101,074	6,546,031	4,209,000	12,564,227	-	4,686,830	61,536	498,745	1,033,667,088
Non-controlling interests	-	3,229,666	-	-	-	-	-	-	-	-	-	3,229,666
Total unrestricted net assets	577,497,472	421,082,499	5,772,412	4,101,074	6,546,031	4,209,000	12,564,227	-	4,686,830	61,536	498,745	1,036,896,754
Temporarily restricted	1,435,266	11,316,115	-	-	-	-	47,062	-	-	1,963,747	-	10,834,696
Permanently restricted	420,269	11,366,692	-	-	-	-	-	-	-	49,717	-	11,737,244
Total net assets	579,353,007	443,765,306	5,772,412	4,101,074	6,546,031	4,209,000	12,611,289	-	4,686,830	2,075,000	498,745	1,059,468,694
Total liabilities and net assets	\$ 759,733,125	\$ 776,619,119	\$ 17,259,708	\$ 7,252,024	\$ 6,888,086	\$ 41,803,739	\$ 12,611,289	\$ -	\$ 4,686,830	\$ 6,831,660	\$ 1,945,405	\$ 1,621,967,665

**Lancaster General Health**  
**Consolidating Statement of Operations and Changes in Net Assets**  
**Year Ended June 30, 2014**

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	LG Health Foundation	Lancaster General Rehabilitation Services, Inc	Lancaster General Health Innovative Solutions, Inc	Eliminations		Consolidated Lancaster General Health
										Dr	Cr	
<b>Unrestricted net assets</b>												
Unrestricted revenue and other support												
Net patient service revenue	\$ -	\$ 886,835,880	\$ 63,099,908	\$ 14,299,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 964,235,396
Less provision for bad debts	-	(41,990,195)	(1,299,004)	(585,943)	-	-	-	-	-	-	-	(43,875,142)
Net patient service revenue, less provision for bad debts	-	844,845,685	61,800,904	13,713,665	-	-	-	-	-	-	-	920,360,254
Medical services	-	9,039,689	-	-	1,564,501	-	-	-	-	-	-	10,604,190
Capitation revenue	-	426,935	160,137	-	-	-	-	-	-	-	-	587,072
Other revenue	3,497,363	48,087,343	8,717,277	1,587,026	810,881	691,211	61,537	-	-	28,029,008	-	35,423,630
Net assets released from restrictions for operations	-	1,768,922	-	-	-	-	-	-	-	-	-	1,768,922
Contributions	61,537	339,391	-	-	-	-	49,168	-	-	-	-	450,096
Total unrestricted revenue and other support	3,558,900	904,507,965	70,678,318	15,300,691	2,375,382	691,211	110,705	-	-	28,029,008	-	969,194,164
<b>Expenses</b>												
Operating expenses	(21,302,030)	769,688,535	98,130,522	29,960,939	2,671,225	5,978,698	827,704	75,085	941,275	-	27,995,639	858,976,314
Depreciation and amortization	-	53,344,846	935,593	537,484	158,042	-	-	-	-	-	-	54,975,965
Interest	-	8,422,218	-	-	234	-	-	-	-	-	-	8,422,452
Provision for bad debts	-	136,338	-	-	-	-	-	-	-	-	-	136,338
Total expenses	(21,302,030)	831,591,937	99,066,115	30,498,423	2,829,501	5,978,698	827,704	75,085	941,275	-	27,995,639	922,511,069
Operating income (loss)	24,860,930	72,916,028	(28,387,797)	(15,197,732)	(454,119)	(5,287,487)	(716,999)	(75,085)	(941,275)	28,029,008	27,995,639	46,683,095
<b>Other income (loss)</b>												
Investment income, net	12,811,643	1,260,472	-	-	25	1,064,646	178,942	-	8,215	-	-	15,323,943
Net realized gains (losses) on sale of trading securities	15,704,555	(66,561)	-	-	-	2,435,683	1,267,450	-	-	-	-	19,341,127
Change in net unrealized gains and losses on trading securities	51,865,725	1,408,002	-	-	-	1,787,158	378,395	-	(136,333)	-	-	55,302,947
Change in fair value of interest rate swap agreement, net	-	(1,142,789)	-	-	-	-	-	-	-	-	-	(1,142,789)
Other non-operating income, net	94,714	6,994,738	1,245,700	295,018	772,822	-	-	3,068,000	-	-	-	12,470,992
Total other income (loss)	80,476,637	8,453,862	1,245,700	295,018	772,847	5,287,487	1,824,787	3,068,000	(128,118)	-	-	101,296,220
Excess of (deficiency in) revenue and other income over expenses	105,337,567	81,369,890	(27,142,097)	(14,902,714)	318,728	-	1,107,788	2,992,915	(1,069,393)	28,029,008	27,995,639	147,979,315
Excess of revenue attributable to non-controlling interests	-	(1,756,207)	-	-	-	-	-	-	-	-	-	(1,756,207)
Excess of (deficiency in) revenue and other income over expenses attributable to LG	105,337,567	79,613,683	(27,142,097)	(14,902,714)	318,728	-	1,107,788	2,992,915	(1,069,393)	28,029,008	27,995,639	146,223,108
<b>Other changes in unrestricted net assets</b>												
Net assets released from restrictions - purchase of property, plant and equipment	-	11,768	-	-	-	-	-	-	-	-	-	11,768
Change in non-controlling interests	-	104,957	-	-	-	-	-	-	-	-	-	104,957
Equity contributions from (to) related organizations	45,953,719	(95,466,783)	30,014,250	17,083,986	(775,000)	-	432,187	(2,992,915)	5,778,723	28,167	-	-
Change in pension liability	(31,583,741)	-	-	-	-	-	-	-	-	-	-	(31,583,741)
Change in other post retirement benefits	108,191	(141,386)	-	-	-	-	-	-	-	-	-	(33,195)
Increase (decrease) in unrestricted net assets	119,815,736	(15,877,761)	2,872,153	2,181,272	(456,272)	-	1,539,975	-	4,709,330	28,057,175	27,995,639	114,722,897
<b>Temporarily restricted net assets</b>												
Restricted contributions and gifts	332,021	1,524,605	-	-	-	-	47,062	-	-	-	-	1,903,688
Investment income	-	185,941	-	-	-	-	-	-	-	-	-	185,941
Net realized gains on sale of trading securities	-	462,678	-	-	-	-	-	-	-	-	-	462,678
Change in net unrealized gains and losses on trading securities	-	430,240	-	-	-	-	-	-	-	-	-	430,240
Net assets released from restrictions	-	(1,780,690)	-	-	-	-	-	-	-	-	-	(1,780,690)
Change in interest in net assets of Lancaster General Health	-	332,021	-	-	-	-	-	-	-	332,021	-	-
Increase in temporarily restricted net assets	332,021	1,154,795	-	-	-	-	47,062	-	-	332,021	-	1,201,857
<b>Permanently restricted net assets</b>												
Restricted contributions and gifts	-	326,726	-	-	-	-	-	-	-	-	-	326,726
Change in net unrealized gains and losses on trading securities	-	413,818	-	-	-	-	-	-	-	-	-	413,818
Change in fair value of beneficial interest in trusts	31,729	291,940	-	-	-	-	-	-	-	-	-	323,669
Increase in permanently restricted net assets	31,729	1,032,484	-	-	-	-	-	-	-	-	-	1,064,213
Increase (decrease) in net assets	120,179,486	(13,690,482)	2,872,153	2,181,272	(456,272)	-	1,587,037	-	4,709,330	28,389,196	27,995,639	116,988,967
Net assets, beginning of year	459,173,521	457,455,788	2,900,259	1,919,802	7,002,303	4,209,000	11,024,252	-	(22,500)	65,376,960	64,194,262	942,479,727
Net assets, end of year	\$ 579,353,007	\$ 443,765,306	\$ 5,772,412	\$ 4,101,074	\$ 6,546,031	\$ 4,209,000	\$ 12,611,289	\$ -	\$ 4,686,830	\$ 93,766,156	\$ 92,189,901	\$ 1,059,468,694



**Lancaster General Health**  
**Consolidating Balance Sheet**  
**June 30, 2013**

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster Cleft Palate Clinic	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	LG Health Foundation	Lancaster General Rehabilitation Services, Inc	Lancaster General Health Innovative Solutions, Inc	Eliminations		Consolidated Lancaster General Health
											Dr	Cr	
<b>Assets</b>													
Current assets													
Cash and cash equivalents	\$ -	\$ 9,431,069	\$ -	\$ 3,271,543	\$ 730,837	\$ 936,571	\$ 1,658,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,028,131
Investments	-	30,963,904	-	-	-	-	2,831,475	-	-	-	-	-	33,795,379
Assets limited as to use	-	6,114,536	-	-	-	-	-	-	-	-	-	-	6,114,536
Patient accounts receivable, net	-	93,903,460	-	4,133,298	1,572,802	102,856	-	-	-	-	-	-	99,712,416
Other receivables	1,596,091	19,271,635	-	210,779	400,678	-	252,504	28,517	-	-	417,452	-	22,177,656
Inventories	-	12,150,409	-	10,828	-	179,313	-	-	-	-	-	-	12,340,550
Due from (to) related organizations, net	11,859,225	2,630,966	-	(1,189,888)	(843,480)	211,872	(12,228,743)	-	-	(22,500)	-	417,452	-
Prepaid expenses and other current assets	15,465	11,147,641	-	1,061,450	499,369	248,107	6,521,064	-	-	-	-	-	19,493,096
Total current assets	13,470,781	185,613,620	-	7,498,010	2,360,206	1,678,719	(965,589)	28,517	-	(22,500)	417,452	417,452	209,661,764
Investments													
Unrestricted	604,183,840	78,467,697	-	-	-	-	45,813,575	10,995,735	-	-	-	-	739,460,847
Donor restricted	1,923,061	10,871,355	-	-	-	-	-	-	-	-	-	-	12,794,416
	606,106,901	89,339,052	-	-	-	-	45,813,575	10,995,735	-	-	-	-	752,255,263
Interest in net assets of Lancaster General Health													
	-	1,182,698	-	-	-	-	-	-	-	-	-	1,182,698	-
Assets limited as to use, net of current portion	11,920,820	500,000	-	-	-	-	-	-	-	-	-	-	12,420,820
Investments in non-consolidated affiliates	6,434,226	7,243,857	-	-	-	1,864,815	-	-	-	-	-	-	15,542,898
Property, plant and equipment, net	-	494,121,485	-	4,906,430	2,919,435	3,844,342	-	-	-	-	-	-	505,791,692
Beneficial interest in trusts	338,822	8,532,567	-	-	-	-	-	-	-	-	-	-	8,871,389
Other assets	-	8,283,926	-	3,905,000	-	-	-	-	-	-	-	7,490,000	4,698,926
Total assets	\$ 638,271,550	\$ 794,817,205	\$ -	\$ 16,309,440	\$ 5,279,641	\$ 7,387,876	\$ 44,847,986	\$ 11,024,252	\$ -	\$ (22,500)	\$ 417,452	\$ 9,090,150	\$ 1,509,242,752
<b>Liabilities and net assets</b>													
Current liabilities													
Current portion of long-term debt	\$ -	\$ 7,107,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,107,874
Accounts payable	-	28,361,429	-	1,131,322	15,192	55,642	94,686	-	-	-	-	-	29,658,271
Accrued payroll and related benefits	-	37,652,365	-	7,967,600	2,809,104	89,455	-	-	-	-	-	-	48,518,524
Estimated settlements with third-party payors	-	12,526,000	-	-	-	-	-	-	-	-	-	-	12,526,000
Other current liabilities	124,987	5,308,567	-	-	-	18,776	2,831,475	-	-	-	-	842,534	9,126,339
Total current liabilities	124,987	90,956,235	-	9,098,922	2,824,296	163,873	2,926,161	-	-	-	-	842,534	106,937,008
Accrued pension liability													
	162,934,500	-	-	-	-	-	-	-	-	-	-	-	162,934,500
Other liabilities	16,038,542	23,006,634	-	4,310,259	535,543	221,700	37,712,825	-	-	-	8,332,534	-	73,492,969
Long-term debt, net of current portion	-	223,398,548	-	-	-	-	-	-	-	-	-	-	223,398,548
Total liabilities	179,098,029	337,361,417	-	13,409,181	3,359,839	385,573	40,638,986	-	-	-	8,332,534	842,534	566,763,025
Net assets													
Unrestricted													
Unrestricted net assets LG	457,681,736	433,835,551	-	2,900,259	1,919,802	7,002,303	4,209,000	11,024,252	-	(22,500)	19,236	517,981	919,049,148
Non-controlling interests	-	3,124,709	-	-	-	-	-	-	-	-	-	-	3,124,709
Total unrestricted net assets	457,681,736	436,960,260	-	2,900,259	1,919,802	7,002,303	4,209,000	11,024,252	-	(22,500)	19,236	517,981	922,173,857
Temporarily restricted	1,103,245	10,161,320	-	-	-	-	-	-	-	-	1,631,726	-	9,632,839
Permanently restricted	388,540	10,334,208	-	-	-	-	-	-	-	-	49,717	-	10,673,031
Total net assets	459,173,521	457,455,788	-	2,900,259	1,919,802	7,002,303	4,209,000	11,024,252	-	(22,500)	1,700,679	517,981	942,479,727
Total liabilities and net assets	\$ 638,271,550	\$ 794,817,205	\$ -	\$ 16,309,440	\$ 5,279,641	\$ 7,387,876	\$ 44,847,986	\$ 11,024,252	\$ -	\$ (22,500)	\$ 10,033,213	\$ 1,360,515	\$ 1,509,242,752

**Lancaster General Health**  
**Consolidating Statement of Operations and Changes in Net Assets**  
**Year Ended June 30, 2013**

	Lancaster General Health	Consolidated Lancaster General Hospital	Lancaster Cleft Palate Clinic	Lancaster General Medical Group	The Heart Group of LG	Lancaster General Services Business Trust	Lancaster General Insurance Company, Ltd	LG Health Foundation	Lancaster General Rehabilitation Services, Inc	Lancaster General Health Innovative Solutions, Inc	Eliminations		Consolidated Lancaster General Health
											Dr	Cr	
<b>Unrestricted net assets</b>													
Unrestricted revenue and other support													
Net patient service revenue	\$ -	\$ 842,990,651	\$ -	\$ 56,489,653	\$ 14,820,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,300,801
Less provision for bad debts	-	(39,532,633)	-	(1,188,420)	(703,660)	-	-	-	-	-	-	-	(41,424,713)
Net patient service revenue, less provision for bad debts	-	803,458,018	-	55,301,233	14,116,837	-	-	-	-	-	-	-	872,876,088
Medical services	-	8,353,185	-	-	-	1,677,790	-	-	-	-	-	-	10,030,975
Capitation revenue	-	589,539	-	933,741	-	-	-	-	-	-	-	-	1,523,280
Other revenue	(791,692)	43,047,217	-	5,773,385	872,871	799,924	880,891	-	17	-	19,583,021	19,236	31,018,828
Net assets released from restrictions for operations	-	3,905,127	-	75,000	-	-	-	-	-	-	-	-	3,980,127
Contributions	-	258,145	-	6,000	-	-	-	53,211	-	-	-	-	317,356
Total unrestricted revenue and other support	(791,692)	859,611,231	-	62,089,359	14,989,708	2,477,714	880,891	53,211	17	-	19,583,021	19,236	919,746,654
<b>Expenses</b>													
Operating expenses	21,205,212	708,167,331	-	86,570,897	27,890,782	2,558,992	4,335,056	543,345	81,033	456,888	35,420	19,840,738	832,004,218
Depreciation and amortization	-	49,501,189	-	1,007,140	560,841	162,393	-	-	-	-	-	-	51,231,563
Interest	-	7,931,555	-	-	523	-	-	-	-	-	-	-	7,932,078
Provision for bad debts	-	111,814	-	-	-	-	-	-	-	-	-	-	111,814
Total expenses	21,205,212	765,711,889	-	87,578,037	28,452,146	2,721,385	4,335,056	543,345	81,033	456,888	35,420	19,840,738	891,279,673
Operating (loss) income	(21,996,904)	93,899,342	-	(25,488,678)	(13,462,438)	(243,671)	(3,454,165)	(490,134)	(81,016)	(456,888)	19,618,441	19,859,974	28,466,981
<b>Other income (loss)</b>													
Investment income, net	11,145,878	1,685,716	-	-	-	936	1,182,621	203,673	-	-	-	-	14,218,824
Net realized gains on sale of trading securities	9,908,955	124,847	-	-	-	-	1,674,709	34,175	-	-	-	-	11,742,686
Change in net unrealized gains and losses on trading securities	16,707,448	(1,417,667)	-	-	-	-	596,835	1,055,279	-	-	-	-	16,941,895
Change in fair value of interest rate swap agreement, net	-	2,066,656	-	-	-	-	-	-	-	-	-	-	2,066,656
Income tax benefit	-	8,231,123	-	-	-	-	-	-	3,861,145	-	-	-	12,092,268
Other non-operating income (loss), net	806,908	12,001,808	-	1,937,052	(2,416,036)	681,063	-	-	2,370,500	-	222,297	-	15,158,998
Total other income (loss)	38,569,189	22,692,483	-	1,937,052	(2,416,036)	681,999	3,454,165	1,293,127	6,231,645	-	222,297	-	72,221,327
Excess of (deficiency in) revenue and other income over expenses	16,572,285	116,591,825	-	(23,551,626)	(15,878,474)	438,328	-	802,993	6,150,629	(456,888)	19,840,738	19,859,974	100,688,308
Excess of revenue attributable to non-controlling interests	-	(1,984,319)	-	-	-	-	-	-	-	-	-	-	(1,984,319)
Excess of (deficiency in) revenue and other income over expenses attributable to LG	16,572,285	114,607,506	-	(23,551,626)	(15,878,474)	438,328	-	802,993	6,150,629	(456,888)	19,840,738	19,859,974	98,703,989
<b>Other changes in unrestricted net assets</b>													
Net assets released from restrictions - purchase of property, plant and equipment	-	10,654,004	-	-	-	-	-	-	-	-	-	-	10,654,004
Change in non-controlling interests	-	73,694	-	-	-	-	-	-	-	-	-	-	73,694
Equity contributions from (to) related organizations	87,235,040	(120,815,090)	-	23,553,587	11,895,433	(300,000)	-	286,126	(2,289,484)	434,388	-	-	-
Change in pension liability	141,439,484	-	-	-	-	-	-	-	-	-	-	-	141,439,484
Change in other post retirement benefits	(924,188)	(53,444)	-	-	-	-	-	-	-	-	-	-	(977,632)
Effects of deconsolidation of affiliate	-	-	(2,296,579)	-	-	-	-	-	-	-	-	-	(2,296,579)
Increase (decrease) in unrestricted net assets	244,322,621	4,466,670	(2,296,579)	1,961	(3,983,041)	138,328	-	1,089,119	3,861,145	(22,500)	19,840,738	19,859,974	247,596,960
<b>Temporarily restricted net assets</b>													
Restricted contributions and gifts	358,296	5,018,253	-	75,000	-	-	-	-	-	-	-	-	5,451,549
Investment income	-	187,502	-	-	-	-	-	-	-	-	-	-	187,502
Net realized gains on sale of trading securities	-	16,274	-	-	-	-	-	-	-	-	-	-	16,274
Change in net unrealized gains and losses on trading securities	-	289,129	-	-	-	-	-	-	-	-	-	-	289,129
Net assets released from restrictions	-	(14,559,131)	-	(75,000)	-	-	-	-	-	-	-	-	(14,634,131)
Change in interest in net assets of Lancaster General Health	(175,204)	358,296	-	-	-	-	-	-	-	-	183,092	-	-
Effects of deconsolidation of affiliate	-	-	(212,303)	-	-	-	-	-	-	-	-	-	(212,303)
Increase (decrease) in temporarily restricted net assets	183,092	(8,689,677)	(212,303)	-	-	-	-	-	-	-	183,092	-	(8,901,980)
<b>Permanently restricted net assets</b>													
Restricted contributions and gifts	-	123,512	-	-	-	-	-	-	-	-	-	-	123,512
Change in net unrealized gains and losses on trading securities	-	400,731	-	-	-	-	-	-	-	-	-	-	400,731
Change in fair value of beneficial interest in trusts	21,645	116,306	-	-	-	-	-	-	-	-	-	-	137,951
Effects of deconsolidation of affiliate	-	-	(1,440,315)	-	-	-	-	-	-	-	-	-	(1,440,315)
Increase (decrease) in permanently restricted net assets	21,645	640,549	(1,440,315)	-	-	-	-	-	-	-	-	-	(778,121)
Increase (decrease) in net assets	244,527,358	(3,582,458)	(3,949,197)	1,961	(3,983,041)	138,328	-	1,089,119	3,861,145	(22,500)	20,023,830	19,859,974	237,916,859
Net assets, beginning of year	214,646,163	461,038,246	3,949,197	2,898,298	5,902,843	6,863,975	4,209,000	9,935,133	(3,861,145)	-	45,353,130	44,334,288	704,562,868
Net assets, end of year	\$ 459,173,521	\$ 457,455,788	\$ -	\$ 2,900,259	\$ 1,919,802	\$ 7,002,303	\$ 4,209,000	\$ 11,024,252	\$ -	\$ (22,500)	\$ 65,376,960	\$ 64,194,262	\$ 942,479,727

**Lancaster General Hospital**  
**Consolidating Balance Sheet**  
**June 30, 2014**

	Lancaster General Hospital	Lancaster General Health - Columbia Center	Lancaster General Imaging Corporation	Pennsylvania College of Health Sciences	Lancaster General Ambulatory Services	LG Health Community Care Collaborative	Eliminations		Consolidated Lancaster General Hospital
							Dr	Cr	
<b>Assets</b>									
Current assets									
Cash and cash equivalents	\$ 4,116,542	\$ 5,198	\$ 1,198,266	\$ 1,375,733	\$ -	\$ -	\$ -	\$ -	\$ 6,695,739
Investments	41,237,593	-	-	4,069,628	-	-	-	-	45,307,221
Assets limited as to use	5,369,293	-	-	39,587	-	-	-	-	5,408,880
Patient accounts receivable, net	99,833,646	146,185	1,838,677	-	-	-	-	-	101,818,508
Other receivables	7,729,395	-	6,704	896,499	-	-	3,469	123,900	8,512,167
Inventories	14,092,163	-	-	-	-	-	-	-	14,092,163
Due from (to) related organizations, net	2,631,732	(45,214)	(69,011)	(132,142)	-	-	146,806	-	2,532,171
Prepaid expenses and other current assets	12,196,958	48,609	299,023	897,350	-	-	-	-	13,441,940
Total current assets	187,207,322	154,778	3,273,659	7,146,655	-	-	150,275	123,900	197,808,789
Investments									
Unrestricted	60,204,040	-	-	1,835,002	-	-	-	-	62,039,042
Donor restricted	10,729,899	-	-	-	-	-	-	-	10,729,899
	70,933,939	-	-	1,835,002	-	-	-	-	72,768,941
Interest in net assets of Lancaster General Health									
	1,442,293	-	-	72,425	-	-	-	-	1,514,718
Assets limited as to use, net of current portion									
	-	-	-	500,000	-	-	-	-	500,000
Investments in non-consolidated affiliates									
	4,617,015	-	-	-	2,136,945	-	-	-	6,753,960
Property, plant and equipment, net	463,056,110	1,855,271	9,613,333	6,991,524	-	-	-	-	481,516,238
Beneficial interest in trusts	7,459,918	-	-	1,721,412	-	-	-	-	9,181,330
Other assets	5,569,914	-	802,195	203,034	-	-	-	-	6,575,143
Total assets	\$ 740,286,511	\$ 2,010,049	\$ 13,689,187	\$ 18,470,052	\$ 2,136,945	\$ -	\$ 150,275	\$ 123,900	\$ 776,619,119
<b>Liabilities and net assets</b>									
Current liabilities									
Current portion of long-term debt	\$ 4,866,105	\$ -	\$ 1,248,148	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 6,189,253
Accounts payable	31,907,119	15,900	262,497	271,723	-	-	-	-	32,457,239
Accrued payroll and related benefits	35,562,558	392,540	374,279	840,135	-	-	-	-	37,169,512
Estimated settlements with third-party payors	12,583,663	-	-	-	-	-	-	-	12,583,663
Other current liabilities	4,072,819	993	750,396	1,039,449	-	-	-	84,748	5,948,405
Total current liabilities	88,992,264	409,433	2,635,320	2,226,307	-	-	-	84,748	94,348,072
Other liabilities									
	20,663,636	16,388	28,140	232,172	-	-	61,842	-	20,878,494
Long-term debt, net of current portion	213,762,486	-	2,846,011	1,018,750	-	-	-	-	217,627,247
Total liabilities	323,418,386	425,821	5,509,471	3,477,229	-	-	61,842	84,748	332,853,813
Net assets									
Unrestricted									
Unrestricted net assets LG	397,604,458	1,584,228	4,950,050	11,573,683	2,136,945	-	-	3,469	417,852,833
Non-controlling interests	-	-	3,229,666	-	-	-	-	-	3,229,666
Total unrestricted net assets	397,604,458	1,584,228	8,179,716	11,573,683	2,136,945	-	-	3,469	421,082,499
Temporarily restricted	10,937,330	-	-	378,785	-	-	-	-	11,316,115
Permanently restricted	8,326,337	-	-	3,040,355	-	-	-	-	11,366,692
Total net assets	416,868,125	1,584,228	8,179,716	14,992,823	2,136,945	-	-	3,469	443,765,306
Total liabilities and net assets	\$ 740,286,511	\$ 2,010,049	\$ 13,689,187	\$ 18,470,052	\$ 2,136,945	\$ -	\$ 61,842	\$ 88,217	\$ 776,619,119

**Lancaster General Hospital**  
**Consolidating Statement of Operations and Changes in Net Assets**  
**Year Ended June 30, 2014**

	Lancaster General Hospital	Lancaster General Health - Columbia Center	Lancaster General Imaging Corporation	Pennsylvania College of Health Sciences	Lancaster General Ambulatory Services	LG Health Community Care Collaborative	Eliminations		Consolidated Lancaster General Hospital
							Dr	Cr	
<b>Unrestricted net assets</b>									
Unrestricted revenue and other support									
Net patient service revenue	\$ 860,454,970	\$ 3,394,283	\$ 22,986,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 886,835,880
Less provision for bad debts	(41,180,000)	(116,397)	(693,798)	-	-	-	-	-	(41,990,195)
Net patient service revenue, less provision for bad debts	819,274,970	3,277,886	22,292,829	-	-	-	-	-	844,845,685
Medical services	9,039,689	-	-	-	-	-	-	-	9,039,689
Capitation revenue	382,020	44,915	-	-	-	-	-	-	426,935
Other revenue	37,641,824	817,074	-	20,385,835	-	-	10,757,390	-	48,087,343
Net assets released from restrictions for operations	1,544,022	-	-	224,900	-	-	-	-	1,768,922
Contributions	103,335	-	-	236,056	-	-	-	-	339,391
Total unrestricted revenue and other support	867,985,860	4,139,875	22,292,829	20,846,791	-	-	10,757,390	-	904,507,965
Expenses									
Operating expenses	735,297,900	5,181,651	15,842,098	22,793,272	44,963	1,286,041	-	10,757,390	769,688,535
Depreciation and amortization	50,432,939	260,515	1,844,717	806,675	-	-	-	-	53,344,846
Interest	8,194,320	-	212,637	15,261	-	-	-	-	8,422,218
Provision for bad debts	9,290	-	-	127,048	-	-	-	-	136,338
Total expenses	793,934,449	5,442,166	17,899,452	23,742,256	44,963	1,286,041	-	10,757,390	831,591,937
Operating income (loss)	74,051,411	(1,302,291)	4,393,377	(2,895,465)	(44,963)	(1,286,041)	10,757,390	10,757,390	72,916,028
Other income (loss)									
Investment income, net	1,225,680	-	453	34,339	-	-	-	-	1,260,472
Net realized (losses) gains on sale of trading securities	(143,291)	-	-	76,730	-	-	-	-	(66,561)
Change in net unrealized gains and losses on trading securities	1,256,621	-	-	151,381	-	-	-	-	1,408,002
Change in fair value of interest rate swap agreement, net	(1,142,789)	-	-	-	-	-	-	-	(1,142,789)
Other non-operating income, net	2,185,424	41,547	55,670	-	4,712,097	-	-	-	6,994,738
Total other income	3,381,645	41,547	56,123	262,450	4,712,097	-	-	-	8,453,862
Excess of (deficiency in) revenue and other income over expenses	77,433,056	(1,260,744)	4,449,500	(2,633,015)	4,667,134	(1,286,041)	10,757,390	10,757,390	81,369,890
Excess of revenue attributable to non-controlling interests	-	-	(1,756,207)	-	-	-	-	-	(1,756,207)
Excess of (deficiency in) revenue and other income over expenses attributable to LG	77,433,056	(1,260,744)	2,693,293	(2,633,015)	4,667,134	(1,286,041)	10,757,390	10,757,390	79,613,683
Other changes in unrestricted net assets									
Net assets released from restrictions - purchase of property, plant and equipment	11,768	-	-	-	-	-	-	-	11,768
Change in non-controlling interests	-	-	104,957	-	-	-	-	-	104,957
Equity contributions (to) from related organizations	(93,142,392)	720,713	(2,528,572)	3,800,000	(5,602,573)	1,286,041	-	-	(95,466,783)
Change in other post retirement benefits	(141,386)	-	-	-	-	-	-	-	(141,386)
(Decrease) increase in unrestricted net assets	(15,838,954)	(540,031)	269,678	1,166,985	(935,439)	-	10,757,390	10,757,390	(15,877,761)
<b>Temporarily restricted net assets</b>									
Restricted contributions and gifts	1,373,828	-	-	150,777	-	-	-	-	1,524,605
Investment income	161,841	-	-	24,100	-	-	-	-	185,941
Net realized gains on sale of trading securities	398,873	-	-	63,805	-	-	-	-	462,678
Change in net unrealized gains and losses on trading securities	430,240	-	-	-	-	-	-	-	430,240
Net assets released from restrictions	(1,555,790)	-	-	(224,900)	-	-	-	-	(1,780,690)
Change in interest in net assets of Lancaster General Health	332,021	-	-	-	-	-	-	-	332,021
Increase in temporarily restricted net assets	1,141,013	-	-	13,782	-	-	-	-	1,154,795
<b>Permanently restricted net assets</b>									
Restricted contributions and gifts	130,679	-	-	196,047	-	-	-	-	326,726
Change in net unrealized gains and losses on trading securities	413,818	-	-	-	-	-	-	-	413,818
Change in fair value of beneficial interest in trusts	161,948	-	-	129,992	-	-	-	-	291,940
Increase in permanently restricted net assets	706,445	-	-	326,039	-	-	-	-	1,032,484
(Decrease) increase in net assets	(13,991,496)	(540,031)	269,678	1,506,806	(935,439)	-	10,757,390	10,757,390	(13,690,482)
Net assets, beginning of year	430,859,621	2,124,259	7,910,038	13,486,017	3,072,384	-	86,782,536	86,786,005	457,455,788
Net assets, end of year	\$ 416,868,125	\$ 1,584,228	\$ 8,179,716	\$ 14,992,823	\$ 2,136,945	\$ -	\$ 97,539,926	\$ 97,543,395	\$ 443,765,306

**Lancaster General Hospital**  
**Consolidating Balance Sheet**  
**June 30, 2013**

	Lancaster General Hospital	Lancaster General Health - Columbia Center	Lancaster General Imaging Corporation	Pennsylvania College of Health Sciences	Lancaster General Ambulatory Services	Eliminations		Consolidated Lancaster General Hospital
						Dr	Cr	
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 6,852,287	\$ 10,135	\$ 1,824,286	\$ 744,361	\$ -	\$ -	\$ -	\$ 9,431,069
Investments	26,502,447	-	-	4,461,457	-	-	-	30,963,904
Assets limited as to use	6,059,680	-	-	54,856	-	-	-	6,114,536
Patient accounts receivable, net	91,724,369	360,995	1,818,096	-	-	-	-	93,903,460
Other receivables	18,553,129	581	10,209	712,123	-	3,469	7,876	19,271,635
Inventories	12,150,409	-	-	-	-	-	-	12,150,409
Due from (to) related organizations, net	2,924,409	(36,129)	(16,784)	(273,919)	-	33,389	-	2,630,966
Prepaid expenses and other current assets	10,180,356	48,708	280,343	638,234	-	-	-	11,147,641
Total current assets	174,947,086	384,290	3,916,150	6,337,112	-	36,858	7,876	185,613,620
Investments								
Unrestricted	78,467,697	-	-	-	-	-	-	78,467,697
Donor restricted	9,369,527	-	-	1,501,828	-	-	-	10,871,355
	87,837,224	-	-	1,501,828	-	-	-	89,339,052
Interest in net assets of Lancaster General Health								
Assets limited as to use, net of current portion	1,110,273	-	-	72,425	-	-	-	1,182,698
Investments in non-consolidated affiliates	-	-	-	500,000	-	-	-	500,000
Property, plant and equipment, net	4,171,473	-	-	-	3,072,384	-	-	7,243,857
Beneficial interest in trusts	475,597,621	2,060,169	9,691,614	6,772,081	-	-	-	494,121,485
Other assets	6,941,147	-	-	1,591,420	-	-	-	8,532,567
	7,299,690	-	802,195	182,041	-	-	-	8,283,926
Total assets	\$ 757,904,514	\$ 2,444,459	\$ 14,409,959	\$ 16,956,907	\$ 3,072,384	\$ 36,858	\$ 7,876	\$ 794,817,205
<b>Liabilities and net assets</b>								
Current liabilities								
Current portion of long-term debt	\$ 4,895,355	\$ -	\$ 2,137,519	\$ 75,000	\$ -	\$ -	\$ -	\$ 7,107,874
Accounts payable	27,823,912	12,984	230,992	293,541	-	-	-	28,361,429
Accrued payroll and related benefits	36,098,208	279,971	352,377	921,809	-	-	-	37,652,365
Estimated settlements with third-party payors	12,526,000	-	-	-	-	-	-	12,526,000
Other current liabilities	3,672,435	2,707	752,571	855,341	-	-	25,513	5,308,567
Total current liabilities	85,015,910	295,662	3,473,459	2,145,691	-	-	25,513	90,956,235
Other liabilities								
Long-term debt, net of current portion	22,731,163	24,538	19,484	231,449	-	-	-	23,006,634
Total liabilities	219,297,820	-	3,006,978	1,093,750	-	-	-	223,398,548
	327,044,893	320,200	6,499,921	3,470,890	-	-	25,513	337,361,417
Net assets								
Unrestricted								
Unrestricted net assets LG	413,443,412	2,124,259	4,785,329	10,406,698	3,072,384	-	3,469	433,835,551
Non-controlling interests	-	-	3,124,709	-	-	-	-	3,124,709
Total unrestricted net assets	413,443,412	2,124,259	7,910,038	10,406,698	3,072,384	-	3,469	436,960,260
Temporarily restricted	9,796,317	-	-	365,003	-	-	-	10,161,320
Permanently restricted	7,619,892	-	-	2,714,316	-	-	-	10,334,208
Total net assets	430,859,621	2,124,259	7,910,038	13,486,017	3,072,384	-	3,469	457,455,788
Total liabilities and net assets	\$ 757,904,514	\$ 2,444,459	\$ 14,409,959	\$ 16,956,907	\$ 3,072,384	\$ -	\$ 28,982	\$ 794,817,205

**Lancaster General Hospital**  
**Consolidating Statement of Operations and Changes in Net Assets**  
**Year Ended June 30, 2013**

	Lancaster General Hospital	Lancaster General Health - Columbia Center	Lancaster General Imaging Corporation	Pennsylvania College of Health Sciences	Lancaster General Ambulatory Services	Eliminations		Consolidated Lancaster General Hospital
						Dr	Cr	
<b>Unrestricted net assets</b>								
Unrestricted revenue and other support								
Net patient service revenue	\$ 816,234,553	\$ 3,110,793	\$ 23,645,305	\$ -	\$ -	\$ -	\$ -	\$ 842,990,651
Less provision for bad debts	(38,700,071)	(161,627)	(670,935)	-	-	-	-	(39,532,633)
Net patient service revenue, less provision for bad debts	777,534,482	2,949,166	22,974,370	-	-	-	-	803,458,018
Medical services	8,353,185	-	-	-	-	-	-	8,353,185
Capitation revenue	419,665	169,874	-	-	-	-	-	589,539
Other revenue	32,960,195	754,223	-	21,688,160	-	12,355,361	-	43,047,217
Net assets released from restrictions for operations	3,722,289	-	-	182,838	-	-	-	3,905,127
Contributions	27,332	-	-	230,813	-	-	-	258,145
Total unrestricted revenue and other support	823,017,148	3,873,263	22,974,370	22,101,811	-	12,355,361	-	859,611,231
Expenses								
Operating expenses	680,205,849	5,068,759	15,776,373	19,415,737	55,974	-	12,355,361	708,167,331
Depreciation and amortization	46,628,558	272,250	1,928,779	671,602	-	-	-	49,501,189
Interest	7,632,949	-	288,383	16,833	-	-	6,610	7,931,555
Provision for bad debts	28,338	-	-	83,476	-	-	-	111,814
Total expenses	734,495,694	5,341,009	17,993,535	20,187,648	55,974	-	12,361,971	765,711,889
Operating income (loss)	88,521,454	(1,467,746)	4,980,835	1,914,163	(55,974)	12,355,361	12,361,971	93,899,342
Other income (loss)								
Investment income, net	1,658,321	-	334	33,671	-	6,610	-	1,685,716
Net realized gains on sale of trading securities	117,481	-	-	7,366	-	-	-	124,847
Change in net unrealized gains and losses on trading securities	(1,567,770)	-	-	150,103	-	-	-	(1,417,667)
Change in fair value of interest rate swap agreement, net	2,066,656	-	-	-	-	-	-	2,066,656
Income tax benefit	-	-	-	-	8,231,123	-	-	8,231,123
Other non-operating income, net	6,231,735	134,928	34,509	-	5,600,636	-	-	12,001,808
Total other income	8,506,423	134,928	34,843	191,140	13,831,759	6,610	-	22,692,483
Excess of (deficiency in) revenue and other income over expenses	97,027,877	(1,332,818)	5,015,678	2,105,303	13,775,785	12,361,971	12,361,971	116,591,825
Excess of revenue attributable to non-controlling interests	-	-	(1,984,319)	-	-	-	-	(1,984,319)
Excess of (deficiency in) revenue and other income over expenses attributable to LG	97,027,877	(1,332,818)	3,031,359	2,105,303	13,775,785	12,361,971	12,361,971	114,607,506
Other changes in unrestricted net assets								
Net assets released from restrictions - purchase of property, plant and equipment	10,654,004	-	-	-	-	-	-	10,654,004
Change in non-controlling interests	-	-	73,694	-	-	-	-	73,694
Equity contributions (to) from related organizations	(114,931,778)	1,218,752	(2,886,621)	1,519,328	(5,734,771)	-	-	(120,815,090)
Change in other post retirement benefits	(53,444)	-	-	-	-	-	-	(53,444)
(Decrease) increase in unrestricted net assets	(7,303,341)	(114,066)	218,432	3,624,631	8,041,014	12,361,971	12,361,971	4,466,670
<b>Temporarily restricted net assets</b>								
Restricted contributions and gifts	4,878,930	-	-	139,323	-	-	-	5,018,253
Investment income	164,322	-	-	23,180	-	-	-	187,502
Net realized gains on sale of trading securities	7,988	-	-	8,286	-	-	-	16,274
Change in net unrealized gains and losses on trading securities	289,129	-	-	-	-	-	-	289,129
Net assets released from restrictions	(14,376,293)	-	-	(182,838)	-	-	-	(14,559,131)
Change in interest in net assets of Lancaster General Health	358,296	-	-	-	-	-	-	358,296
Decrease in temporarily restricted net assets	(8,677,628)	-	-	(12,049)	-	-	-	(8,689,677)
<b>Permanently restricted net assets</b>								
Restricted contributions and gifts	84,660	-	-	38,852	-	-	-	123,512
Change in net unrealized gains and losses on trading securities	400,731	-	-	-	-	-	-	400,731
Change in fair value of beneficial interest in trusts	78,875	-	-	37,431	-	-	-	116,306
Increase in permanently restricted net assets	564,266	-	-	76,283	-	-	-	640,549
(Decrease) increase in net assets	(15,416,703)	(114,066)	218,432	3,688,865	8,041,014	12,361,971	12,361,971	(3,582,458)
Net assets, beginning of year	446,276,324	2,238,325	7,691,606	9,797,152	(4,968,630)	74,420,565	74,424,034	461,038,246
Net assets, end of year	\$ 430,859,621	\$ 2,124,259	\$ 7,910,038	\$ 13,486,017	\$ 3,072,384	\$ 86,782,536	\$ 86,786,005	\$ 457,455,788