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Form **990****Return of Organization Exempt From Income Tax**

OMB No 1545-0047

**2013****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

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.

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

<b>A</b> For the 2013 calendar year, or tax year beginning 07/01, 2013, and ending 06/30, 2014		
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>ELLWOOD CITY HOSPITAL FOUNDATION</b>	<b>D</b> Employer identification number <b>27-4160006</b>
	Doing Business As	
	Number and street (or P O box if mail is not delivered to street address) Room/suite <b>724 PERSHING STREET</b>	<b>E</b> Telephone number <b>724-752-0081</b>
	City or town, state or province, country, and ZIP or foreign postal code <b>ELLWOOD CITY, PA, 16117</b>	<b>G</b> Gross receipts \$ <b>2,109,617</b>
	<b>F</b> Name and address of principal officer <b>CAROLYN IZZO - PRESIDENT CEO</b> <b>724 PERSHING STREET, ELLWOOD CITY, PA 16117</b>	<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J</b> Website: ▶		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation <b>2010</b> <b>M</b> State of legal domicile <b>PA</b>

<b>Part I Summary</b>		
<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities. <u>TO OPERATE EXCLUSIVELY FOR THE SUPPORT AND BENEFIT OF ELLWOOD CITY HOSPITAL.</u>	
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b> <b>18</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b> <b>17</b>
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a)	<b>5</b> <b>0</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b> <b>17</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b> <b>0</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b> <b>0</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b> <b>0</b> <b>Current Year</b> <b>111,933</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	<b>0</b> <b>0</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>0</b> <b>1,997,684</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>0</b> <b>0</b>
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>0</b> <b>2,109,617</b>
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<b>0</b> <b>2,000,000</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	<b>0</b> <b>0</b>
<b>Expenses</b>	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	<b>0</b> <b>0</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	<b>0</b> <b>13,654</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>20,341</b>	
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<b>0</b> <b>165,090</b>
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	<b>0</b> <b>2,178,744</b>
	<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<b>0</b> <b>-69,127</b>
	<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)
<b>21</b> Total liabilities (Part X, line 26)		<b>0</b> <b>75,336</b>
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20		<b>0</b> <b>34,013,808</b>

<b>Part II Signature Block</b>			
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.			
<b>Sign Here</b>	<b>Signature of officer</b> <i>Christopher M. Little</i>	<b>Date</b> <b>5-7-15</b>	
	<b>CHRISTOPHER M LITTLE, VICE PRESIDENT / CFO</b> Type or print name and title		
<b>Paid Preparer Use Only</b>	<b>Print/Type preparer's name</b>	<b>Preparer's signature</b>	<b>Date</b>
	<b>Firm's name</b> ▶	<b>Firm's EIN</b> ▶	
	<b>Firm's address</b> ▶	<b>Phone no</b>	
<b>May the IRS discuss this return with the preparer shown above? (see instructions)</b> <input type="checkbox"/> Yes <input type="checkbox"/> No			

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form **990** (2013)

**Part III** Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission.TO OPERATE EXCLUSIVELY FOR THE SUPPORT AND BENEFIT OF ELLWOOD CITY HOSPITAL.**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 \$ 2,064,427 including grants of \$ 2,000,000 ) (Revenue \$ 1,997,684 )GRANTS TOTALING \$2,000,000 WERE MADE TO ELLWOOD CITY HOSPITAL TO SUPPORT ITS MISSION OF PROVIDING HEALTHCARE SERVICES TO THE COMMUNITY.**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe in Schedule O.)(Expenses \$ 0 including grants of \$ 0 ) (Revenue \$ 0 )**4e** Total program service expenses **▶** 2,064,427

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	<b>1</b> ✓	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	<b>2</b> ✓	
<b>3</b> 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 . . . . .	<b>3</b>	✓
<b>4</b> <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 . . . . .	<b>4</b>	✓
<b>5</b> 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 . . . . .	<b>5</b>	✓
<b>6</b> 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 . . . . .	<b>6</b>	✓
<b>7</b> 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 . . . . .	<b>7</b>	✓
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	<b>8</b>	✓
<b>9</b> 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 . . . . .	<b>9</b>	✓
<b>10</b> 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 . . . . .	<b>10</b> ✓	
<b>11</b> 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.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	<b>11a</b>	✓
<b>b</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 . . . . .	<b>11b</b> ✓	
<b>c</b> 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 . . . . .	<b>11c</b>	✓
<b>d</b> 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 . . . . .	<b>11d</b>	✓
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	<b>11e</b> ✓	
<b>f</b> 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 . . . . .	<b>11f</b> ✓	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	<b>12a</b>	✓
<b>b</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 . . . . .	<b>12b</b> ✓	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<b>13</b>	✓
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<b>14a</b>	✓
<b>b</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 . . . . .	<b>14b</b>	✓
<b>15</b> 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 . . . . .	<b>15</b>	✓
<b>16</b> 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 . . . . .	<b>16</b>	✓
<b>17</b> 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) . . . . .	<b>17</b>	✓
<b>18</b> 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 . . . . .	<b>18</b>	✓
<b>19</b> 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 . . . . .	<b>19</b>	✓
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .	<b>20a</b>	✓
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<b>20b</b>	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> 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> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>22</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>23</b> 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> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>24a</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
<b>25a</b> <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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>26</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>27</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>28</b> 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):	<input type="checkbox"/>	<input type="checkbox"/>
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>c</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>32</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>33</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>34</b> 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> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</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> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>36</b> <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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>37</b> 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> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>38</b> 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 . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Part V** Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .	<b>1a</b> 1		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .	<b>1b</b> 0		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	✓	
<b>2a</b> 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	<b>2a</b> 0		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . . <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) . . . . .	<b>2b</b>		
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3a</b>		✓
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O . . . . .	<b>3b</b>		
<b>4a</b> 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)? . . . . .	<b>4a</b>		✓
<b>b</b> If "Yes," enter the name of the foreign country: ▶ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .	<b>5a</b>		✓
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .	<b>5b</b>		✓
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5c</b>		
<b>6a</b> 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? . . . . .	<b>6a</b>		✓
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> 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? . . . . .	<b>7a</b>		✓
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7c</b>		✓
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7e</b>		✓
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .	<b>7f</b>		✓
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7g</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	<b>7h</b>		
<b>8 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? . . . . .	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the organization make any taxable distributions under section 4966? . . . . .	<b>9a</b>		✓
<b>b</b> Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9b</b>		✓
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders . . . . .	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . .	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> 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.	<b>13a</b>		
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . .	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand . . . . .	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14a</b>		✓
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .	<b>14b</b>		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year . . . . . <b>1a</b> <b>18</b> 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>b</b> Enter the number of voting members included in line 1a, above, who are independent . . . . . <b>1b</b> <b>17</b>		
<b>2</b> 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? . . . . . <b>2</b>		<input checked="" type="checkbox"/>
<b>3</b> 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? . . . . . <b>3</b>		<input checked="" type="checkbox"/>
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . <b>4</b>		<input checked="" type="checkbox"/>
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . . <b>5</b>		<input checked="" type="checkbox"/>
<b>6</b> Did the organization have members or stockholders? . . . . . <b>6</b>		<input checked="" type="checkbox"/>
<b>7a</b> 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? . . . . . <b>7a</b>		<input checked="" type="checkbox"/>
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . <b>7b</b>		<input checked="" type="checkbox"/>
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body? . . . . . <b>8a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . . <b>8b</b>	<input checked="" type="checkbox"/>	
<b>9</b> 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 . . . . . <b>9</b>		<input checked="" type="checkbox"/>

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

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? . . . . . <b>10a</b>		<input checked="" type="checkbox"/>
<b>b</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? . . . . . <b>10b</b>		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . <b>11a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990. . . . . <b>12a</b>	<input checked="" type="checkbox"/>	
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . <b>12a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . <b>12b</b>	<input checked="" type="checkbox"/>	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . <b>12c</b>	<input checked="" type="checkbox"/>	
<b>13</b> Did the organization have a written whistleblower policy? . . . . . <b>13</b>	<input checked="" type="checkbox"/>	
<b>14</b> Did the organization have a written document retention and destruction policy? . . . . . <b>14</b>	<input checked="" type="checkbox"/>	
<b>15</b> 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?		
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . . <b>15a</b>		<input checked="" type="checkbox"/>
<b>b</b> Other officers or key employees of the organization . . . . . <b>15b</b>		<input checked="" type="checkbox"/>
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . <b>16a</b>		<input checked="" type="checkbox"/>
<b>b</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? . . . . . <b>16b</b>		

**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 Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website    ☐ Another's website    ☒ Upon request    ☐ Other (explain in Schedule O)

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

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **CHRISTOPHER M LITTLE, (724)752-6819**

**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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
CAROLYN IZZO	2									
PRESIDENT/CEO	58	✓		✓				0	201,110	11,870
CHRISTY SPOA	0.50									
CHAIRMAN	2.50	✓		✓				0	0	0
FRANK MARTZ	0.50									
1ST VICE CHAIRMAN	2.50	✓		✓				0	0	0
DAVID BARENSFELD	0.50									
2ND VICE CHAIRMAN	2	✓		✓				0	0	0
JOHN WHITE	0.50									
SECRETARY	2.50	✓		✓				0	0	0
GUS FORNATARO	0.50									
TREASURER	2	✓		✓				0	0	0
CLYDE BARTLEY	0.50									
MEMBER	2	✓						0	0	0
GERALD CROWLEY	0.50									
MEMBER	2.50	✓						0	0	0
ALAN DAMBACH	0.50									
MEMBER		✓						0	0	0
SHARIEE DECOOMAN	0.50									
MEMBER		✓						0	0	0
GREGORY FOX	0.50									
MEMBER	2.0	✓						0	0	0
MARY ANN DIBIAGIO	0.5									
MEMBER	2	✓						0	0	0
PETRA NOUR	0.50									
MEMBER	2	✓						0	0	0
MARK SCHNURER	0.50									
MEMBER	2	✓						0	0	0



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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ARTHUR SMILEK	0.50									
MEMBER		✓						0	0	0
MARK TOMASZEWSKI	0.50									
MEMBER	2	✓						0	0	0
LINDA RAYMUNDO	0.50									
MEMBER	2	✓						0	0	0
RICHARD ROSENBLOOM	0.50									
MEMBER	2	✓						0	0	0
CHRISTOPHER M LITTLE	3									
CFO	47			✓				0	190,378	16,051
<b>1b Sub-total</b>								0	391,488	27,921
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								0	391,488	27,921

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

- |  | Yes | No |
|--|-----|----|
| <b>3</b> 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>                                       |     | ✓  |
| <b>4</b> 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> | ✓   |    |
| <b>5</b> 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>                       |     | ✓  |

**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
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization	<b>0</b>	

**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
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b> 0				
	<b>b</b>	Membership dues . . . . .	<b>1b</b> 0				
	<b>c</b>	Fundraising events . . . . .	<b>1c</b> 0				
	<b>d</b>	Related organizations . . . . .	<b>1d</b> 0				
	<b>e</b>	Government grants (contributions)	<b>1e</b> 0				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b> 111,933				
	<b>g</b>	Noncash contributions included in lines 1a-1f: \$	0				
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . . ▶		111,933			
<b>Program Service Revenue</b>	<b>Business Code</b>						
	<b>2a</b>						
	<b>b</b>						
	<b>c</b>						
	<b>d</b>						
	<b>e</b>						
	<b>f</b>	All other program service revenue . . . . .					
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . . ▶		0			
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,997,684	1,997,684	0	0
	<b>4</b>	Income from investment of tax-exempt bond proceeds ▶		0	0	0	0
	<b>5</b>	Royalties . . . . . ▶		0	0	0	0
	<b>6a</b>	(i) Real					
		(ii) Personal					
		Gross rents . . . . .					
		Less: rental expenses . . . . .					
	<b>c</b>	Rental income or (loss) . . . . . 0 0					
	<b>d</b>	Net rental income or (loss) . . . . . ▶					
	<b>7a</b>	(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory . . . . .					
		Less: cost or other basis and sales expenses . . . . .					
	<b>c</b>	Gain or (loss) . . . . . 0 0					
	<b>d</b>	Net gain or (loss) . . . . . ▶					
	<b>8a</b>	Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18 . . . . .		a 0			
		Less: direct expenses . . . . .		b 0			
		Net income or (loss) from fundraising events . . . . . ▶		0	0	0	
		<b>9a</b> Gross income from gaming activities. See Part IV, line 19 . . . . .		a			
	<b>b</b>	Less: direct expenses . . . . .		b			
Net income or (loss) from gaming activities . . . . . ▶							
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .		a					
Less: cost of goods sold . . . . .		b					
<b>c</b>	Net income or (loss) from sales of inventory . . . . . ▶						
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
<b>11a</b>							
<b>b</b>							
<b>c</b>							
<b>d</b>	All other revenue . . . . .						
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . . ▶		0				
<b>12</b>	<b>Total revenue.</b> See instructions. . . . . ▶			2,109,617	1,997,684	0	0

**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
<b>1</b> Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	2,000,000	2,000,000		
<b>2</b> Grants and other assistance to individuals in the United States. See Part IV, line 22	0	0		
<b>3</b> Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0	0		
<b>4</b> Benefits paid to or for members	0	0		
<b>5</b> Compensation of current officers, directors, trustees, and key employees	0	0	0	0
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
<b>7</b> Other salaries and wages	0	0	0	0
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0	0	0	0
<b>9</b> Other employee benefits	0	0	0	0
<b>10</b> Payroll taxes	0	0	0	0
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management	39,319	0	39,319	0
<b>b</b> Legal	36,863	0	36,863	0
<b>c</b> Accounting	5,475	0	5,475	0
<b>d</b> Lobbying	0	0	0	0
<b>e</b> Professional fundraising services. See Part IV, line 17	13,654			13,654
<b>f</b> Investment management fees	43,927	43,927	0	0
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	0	0	0	0
<b>12</b> Advertising and promotion	20,500	20,500	0	0
<b>13</b> Office expenses	319	0	319	0
<b>14</b> Information technology	0	0	0	0
<b>15</b> Royalties	0	0	0	0
<b>16</b> Occupancy	0	0	0	0
<b>17</b> Travel	0	0	0	0
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
<b>19</b> Conferences, conventions, and meetings	0	0	0	0
<b>20</b> Interest	0	0	0	0
<b>21</b> Payments to affiliates	0	0	0	0
<b>22</b> Depreciation, depletion, and amortization	0	0	0	0
<b>23</b> Insurance	12,000	0	12,000	0
<b>24</b> 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.)				
<b>a</b> NON-PROFESSIONAL FUNDRAISING	6,687	0	0	6,687
<b>b</b>				
<b>c</b>				
<b>d</b>				
<b>e</b> All other expenses				
<b>25</b> Total functional expenses. Add lines 1 through 24e	2,178,744	2,064,427	93,976	20,341
<b>26</b> Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	0	<b>1</b>	14,017
	<b>2</b> Savings and temporary cash investments . . . . .	0	<b>2</b>	0
	<b>3</b> Pledges and grants receivable, net . . . . .	0	<b>3</b>	0
	<b>4</b> Accounts receivable, net . . . . .	0	<b>4</b>	0
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .	0	<b>5</b>	0
	<b>6</b> 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	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .	0	<b>7</b>	0
	<b>8</b> Inventories for sale or use . . . . .	0	<b>8</b>	0
	<b>9</b> Prepaid expenses and deferred charges . . . . .	0	<b>9</b>	0
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D			
	<b>b</b> Less: accumulated depreciation . . . . .	0	<b>10c</b>	
	<b>11</b> Investments—publicly traded securities . . . . .	0	<b>11</b>	31,108,417
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .	0	<b>12</b>	2,966,710
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .	0	<b>13</b>	0
	<b>14</b> Intangible assets . . . . .	0	<b>14</b>	0
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	0	<b>15</b>	0
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	0	<b>16</b>	34,089,144	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	0	<b>17</b>	3,481
	<b>18</b> Grants payable . . . . .	0	<b>18</b>	0
	<b>19</b> Deferred revenue . . . . .	0	<b>19</b>	0
	<b>20</b> Tax-exempt bond liabilities . . . . .	0	<b>20</b>	0
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .	0	<b>21</b>	0
	<b>22</b> 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	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	0	<b>23</b>	0
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b>	0
	<b>25</b> 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 . . . . .	0	<b>25</b>	71,855
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	0	<b>26</b>	75,336
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	0	<b>27</b>	33,066,343
	<b>28</b> Temporarily restricted net assets . . . . .	0	<b>28</b>	0
	<b>29</b> Permanently restricted net assets . . . . .	0	<b>29</b>	947,465
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
	<b>33</b> <b>Total net assets or fund balances</b> . . . . .	0	<b>33</b>	34,013,808
<b>34</b> <b>Total liabilities and net assets/fund balances</b> . . . . .	0	<b>34</b>	34,089,144	

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	2,109,617
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	2,178,744
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	-69,127
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	0
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	2,794,429
<b>6</b>	Donated services and use of facilities	<b>6</b>	0
<b>7</b>	Investment expenses	<b>7</b>	0
<b>8</b>	Prior period adjustments	<b>8</b>	0
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	31,288,506
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	34,013,808

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

- 1** Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . .  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . .
- 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.

	Yes	No
<b>2a</b>		✓
<b>2b</b>	✓	
<b>2c</b>	✓	
<b>3a</b>		✓
<b>3b</b>		

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

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.  
▶ Information about Schedule A (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

ELLWOOD CITY HOSPITAL FOUNDATION

Employer identification number

27-4160006

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

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

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☒ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a ☐ Type I    b ☐ Type II    c ☒ Type III—Functionally integrated    d ☐ Type III—Non-functionally integrated
  - e ☒ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**.
  - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☒
  - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
    - (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? 

	Yes	No
11g(i)		<input checked="" type="checkbox"/>
    - (ii) A family member of a person described in (i) above? 

	Yes	No
11g(ii)		<input checked="" type="checkbox"/>
    - (iii) A 35% controlled entity of a person described in (i) or (ii) above? 

	Yes	No
11g(iii)		<input checked="" type="checkbox"/>
  - h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the US?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
ELLWOOD CITY HOSPITAL (A)	25-0461835	501 (c) (3)	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		2,000,000
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									<b>2,000,000</b>

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

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
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> 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) . . . . .						
<b>6 Public support.</b> 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
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

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

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> 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 . . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</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 . . . . .						
<b>c</b> Add lines 7a and 7b . . . . .						
<b>8 Public support</b> (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
<b>9</b> Amounts from line 6 . . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) . . . . .						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . . .						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)) . . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2012 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from 2012 Schedule A, Part III, line 17 . . . . .	<b>18</b>	%
<b>19a 33 1/3% support tests—2013.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 33 1/3% support tests—2012.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . . . <input type="checkbox"/>		



**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).

Lined area for supplemental information.

**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.

► 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

ELLWOOD CITY HOSPITAL FOUNDATION

Employer identification number

27-4160006

**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). <input type="checkbox"/> Preservation of land for public use (e g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> 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.	<b>Held at the End of the Tax Year</b>
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? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> 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)? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> 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

**d** ☐ Loan or exchange programs

**b** ☐ Scholarly research

**e** ☐ Other .....

**c** ☐ Preservation for future generations

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

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

**Part IV Escrow and Custodial Arrangements.**

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

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

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

**c** Beginning balance

**d** Additions during the year

**e** Distributions during the year

**f** Ending balance

	Amount
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**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	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance	0	0	0	0	0
<b>b</b> Contributions	28,516,571	0	0	0	0
<b>c</b> Net investment earnings, gains, and losses	4,605,667	0	0	0	0
<b>d</b> Grants or scholarships	0	0	0	0	0
<b>e</b> Other expenditures for facilities and programs	2,000,000	0	0	0	0
<b>f</b> Administrative expenses	13,821	0	0	0	0
<b>g</b> End of year balance	31,108,417	0	0	0	0

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

**a** Board designated or quasi-endowment ☐ 97 %

**b** Permanent endowment ☐ 3 %

**c** Temporarily restricted endowment ☐ 0 %

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

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

(i) unrelated organizations

(ii) related organizations

	Yes	No
<b>3a(i)</b>		✓
<b>3a(ii)</b>		✓
<b>3b</b>		

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

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land				
<b>b</b> Buildings				
<b>c</b> Leasehold improvements				
<b>d</b> Equipment				
<b>e</b> Other				

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives . . . . .	0	
(2) Closely-held equity interests . . . . .	0	
(3) Other <u>ESB STOCK</u>	2,966,710	End-of-Year Market Value
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ►	2,966,710	

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) -----		
(2) -----		
(3) -----		
(4) -----		
(5) -----		
(6) -----		
(7) -----		
(8) -----		
(9) -----		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ►		

**Part IX Other Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) -----	
(2) -----	
(3) -----	
(4) -----	
(5) -----	
(6) -----	
(7) -----	
(8) -----	
(9) -----	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

**Part X Other Liabilities.**

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	0
(2) <u>DUE TO ELLWOOD CITY HOSPITAL</u>	71,855
(3) -----	
(4) -----	
(5) -----	
(6) -----	
(7) -----	
(8) -----	
(9) -----	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	71,855

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .		<b>1</b>	<b>4,851,786</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	2,794,429	
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	0	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	0	
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	0	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	2,794,429	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	2,057,357	
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	43,927	
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	8,333	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	52,260	
<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>	2,109,617	

**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>	<b>2,134,817</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	0	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	0	
<b>c</b>	Other losses . . . . .	<b>2c</b>	0	
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	0	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	0	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	2,134,817	
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	43,927	
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	0	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	43,927	
<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>	2,178,744	

**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.

Schedule D, Part V, Line 4 - THE ENDOWMENT FUNDS ARE INTENDED TO BE USED EXCLUSIVELY TO SUPPORT AND BENEFIT THE ELLWOOD CITY HOSPITAL WHEN NEEDED.

Schedule D, Part X, Line 2 - NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. THE ORGANIZATION HAS ADOPTED THE STANDARD FOR ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES. THE STANDARD CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES BY PRESCRIBING THE RECOGNITION THRESHOLD A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS. IT ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE, AND TRANSITION.

Schedule D, Part XI, Line 4b - TEMPORARILY RESTRICTED ENDOWMENT RELEASED FROM RESTRICTION \$8,333.

SCHEDULE I  
(Form 990)

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).

Department of the Treasury  
Internal Revenue Service  
Name of the organization

ELLWOOD CITY HOSPITAL FOUNDATION

Employer identification number

27-4160006

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.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Sch I, Stmt 1							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

2	Enter total number of section 501(c)(3) and government organizations listed in the line 1 table	1
3	Enter total number of other organizations listed in the line 1 table	0

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

Cat No 50055P

Schedule I (Form 990) (2013)

**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					
2					
3					
4					
5					
6					
7					

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

Schedule I, Part I, Line 2 - THE ORGANIZATION FOLLOWS ITS MISSION IN PROVIDING SUPPORT AND SOLELY BENEFITS ELLWOOD CITY HOSPITAL. ALL GRANTS ARE BOARD APPROVED AND RECORDED IN THE BOARD MEETING MINUTES AS WELL INTERNAL FINANCIAL STATEMENTS THAT ARE INDEPENDENTLY AUDITED.

**SCHEDULE J**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Compensation Information**

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

► Complete if the organization answered "Yes" on 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**

ELLWOOD CITY HOSPITAL FOUNDATION

Employer identification number

27-4160006

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on 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.

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9



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

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

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

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation				(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation					
CAROLYN IZZO, 1 PRESIDENT/CEO	(i) 0 (ii) 196,110	0 5,000	0 0	0 0	0 0	0 11,870	0 212,980	0 0
CHRISTOPHER M LITTLE, CFO	(i) 0 (ii) 190,378	0 0	0 0	0 0	0 0	0 16,051	0 206,429	0 0
3	(i) (ii)							
4	(i) (ii)							
5	(i) (ii)							
6	(i) (ii)							
7	(i) (ii)							
8	(i) (ii)							
9	(i) (ii)							
10	(i) (ii)							
11	(i) (ii)							
12	(i) (ii)							
13	(i) (ii)							
14	(i) (ii)							
15	(i) (ii)							
16	(i) (ii)							

**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.

Schedule J, Part I, Line 3 - THE CEO AND CFO ARE COMPENSATED BY ELLWOOD CITY HOSPITAL, A RELATED ORGANIZATION. COMPENSATION IS ESTABLISHED BY THE HOSPITAL BY COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANTS, A COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.

**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 990-EZ 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

ELLWOOD CITY HOSPITAL FOUNDATION

Employer identification number

27-4160006

Form 990, Part VI, Section B, Line 11b - THE ELLWOOD CITY HOSPITAL FOUNDATION PREPARES ITS FORM 990 IN DRAFT FORM. IT IS REVIEWED BY MANAGEMENT OF THE ORGANIZATION FOR FINAL APPROVAL. MANAGEMENT THEN DISTRIBUTES THE COMPLETED FORM 990 AND ACCOMPANYING SCHEDULES TO ALL MEMBERS OF THE BOARD FOR REVIEW PRIOR TO FILING.

Form 990, Part VI, Section B, Line 12c - THE ELLWOOD CITY HOSPITAL FOUNDATION ANNUALLY REQUIRES ITS BOARD MEMBERS AND OFFICERS TO FILL OUT A CONFLICT OF INTEREST FORM DURING BOARD MEETINGS. IF AN INTERESTED PARTY HAS A CONFLICT, HE OR SHE RECUSES THEMSELVES FROM VOTING.

Form 990, Part VI, Section C, Line 19 - AT THIS TIME, THE ELLWOOD CITY HOSPITAL FOUNDATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE GENERAL PUBLIC SINCE IT IS NOT REQUIRED TO DO SO UNDER CURRENT LAWS.

Form 990, Part XI, Line 9 - OTHER CHANGES IN NET ASSETS ARE COMPRISED OF TRANSFER FROM ELLWOOD CITY HOSPITAL \$31,215,548, TEMPORARILY RESTRICTED ENDOWMENT RELEASED FROM RESTRICTION (\$8,333), UNREALIZED LOSS ON TEMPORARILY RESTRICTED ENDOWMENTS (\$1,442), AND UNREALIZED GAIN ON PERMANENTLY RESTRICTED ENDOWMENTS \$82,733.

**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

ELLWOOD CITY HOSPITAL FOUNDATION

Employer identification number

27-4160006

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

	(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	ELLWOOD CITY HOSPITAL (25-0461835) 724 PERSHING STREET, ELLWOOD CITY, PA 16117	HEALTHCARE	PA	501 (c) (3)	3	EC FOUNDATION		✓
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								

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) Disproportionate 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) .....												
(2) .....												
(3) .....												
(4) .....												
(5) .....												
(6) .....												
(7) .....												

**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) ELLWOOD CITY HEALTH ORGANIZATION INC (25-1801005) 724 PERSHING STREET, ELLWOOD CITY, PA 16117	HEALTHCARE	PA	EC HOSPITAL	C	0	0	0%		✓
(2) APPLE OCCUPATIONAL HEALTH SVCS INC (25-1801005) 724 PERSHING STREET, ELLWOOD CITY, PA 16117	HEALTHCARE	PA	EC HEALTH, ORG INC	C	0	0	0%		✓
(3) OUTREACH CARE GROUP INC (25-1801005) 724 PERSHING STREET, ELLWOOD CITY, PA 16117	HEALTHCARE	PA	EC HEALTH, ORG INC	C	0	0	0%		✓
(4) .....									
(5) .....									
(6) .....									
(7) .....									

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity . . . . .	<b>1a</b>	<input checked="" type="checkbox"/>
<b>b</b> Gift, grant, or capital contribution to related organization(s) . . . . .	<b>1b</b>	<input checked="" type="checkbox"/>
<b>c</b> Gift, grant, or capital contribution from related organization(s) . . . . .	<b>1c</b>	<input checked="" type="checkbox"/>
<b>d</b> Loans or loan guarantees to or for related organization(s) . . . . .	<b>1d</b>	<input checked="" type="checkbox"/>
<b>e</b> Loans or loan guarantees by related organization(s) . . . . .	<b>1e</b>	<input checked="" type="checkbox"/>
<b>f</b> Dividends from related organization(s) . . . . .	<b>1f</b>	<input checked="" type="checkbox"/>
<b>g</b> Sale of assets to related organization(s) . . . . .	<b>1g</b>	<input checked="" type="checkbox"/>
<b>h</b> Purchase of assets from related organization(s) . . . . .	<b>1h</b>	<input checked="" type="checkbox"/>
<b>i</b> Exchange of assets with related organization(s) . . . . .	<b>1i</b>	<input checked="" type="checkbox"/>
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) . . . . .	<b>1j</b>	<input checked="" type="checkbox"/>
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) . . . . .	<b>1k</b>	<input checked="" type="checkbox"/>
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) . . . . .	<b>1l</b>	<input checked="" type="checkbox"/>
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) . . . . .	<b>1m</b>	<input checked="" type="checkbox"/>
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .	<b>1n</b>	<input checked="" type="checkbox"/>
<b>o</b> Sharing of paid employees with related organization(s) . . . . .	<b>1o</b>	<input checked="" type="checkbox"/>
<b>p</b> Reimbursement paid to related organization(s) for expenses . . . . .	<b>1p</b>	<input checked="" type="checkbox"/>
<b>q</b> Reimbursement paid by related organization(s) for expenses . . . . .	<b>1q</b>	<input checked="" type="checkbox"/>
<b>r</b> Other transfer of cash or property to related organization(s) . . . . .	<b>1r</b>	<input checked="" type="checkbox"/>
<b>s</b> Other transfer of cash or property from related organization(s) . . . . .	<b>1s</b>	<input checked="" type="checkbox"/>

**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 Schedule R, Part VII, Statement 1				
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) .....													
(2) .....													
(3) .....													
(4) .....													
(5) .....													
(6) .....													
(7) .....													
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(10) .....													
(11) .....													
(12) .....													
(13) .....													
(14) .....													
(15) .....													
(16) .....													

**Part VII**

**Supplemental Information**

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

Lined area for supplemental information.



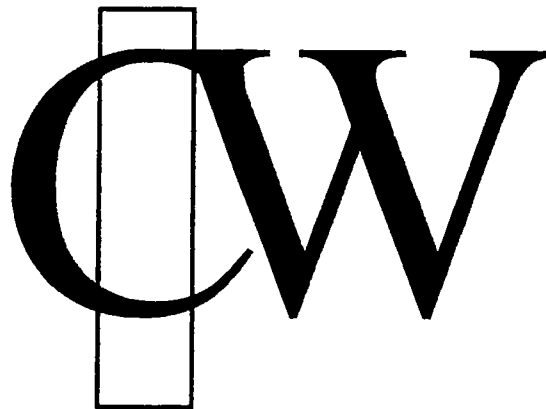
## Description of Grants and Other Assistance to Governments and Organizations in the United States

		Recipient EIN	Amt. of cash grant	Amt. of non- cash asst.
Name and address	ELLWOOD CITY HOSPITAL 724 PERSHING STREET ELLWOOD CITY, PA 16117	25-0461835	2,000,000	0
IRC code section	501 (c) (3)			
Method of valuation	MARKET VALUE			
Desc. of Non-Cash Asst.				
Purpose of grant	THE GRANTS ARE TO SUPPORT AND BENEFIT ELLWOOD CITY HOSPITAL			

Description of Covered Relationships and Transaction Thresholds		
		Amt. involved
Name	ELLWOOD CITY HOSPITAL	39,319
Transaction type	m	
Method of determining amt. involved	USE OF INTERNAL ACCOUNTING RECORDS AND INVOICES FROM RELATED ENTITIES	
Name	ELLWOOD CITY HOSPITAL	2,000,000
Transaction type	b	
Method of determining amt. involved	USE OF INTERNAL ACCOUNTING RECORDS AND INVOICES FROM RELATED ENTITIES	
Name	ELLWOOD CITY HOSPITAL	12,000
Transaction type	p	
Method of determining amt. involved	USE OF INTERNAL ACCOUNTING RECORDS AND INVOICES FROM RELATED ENTITIES	

# **The Ellwood City Hospital Foundation and Subsidiary**

**Consolidated Financial Report  
June 30, 2014**



**Carbis Walker LLP**

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*Certified Public Accountants & Consultants*

Members: Carbis Walker Group ■ McGladrey Alliance ■ AICPA Alliance for CPA Firms

**The Ellwood City Hospital Foundation and Subsidiary**  
**Index to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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## **Independent Auditors' Report**

Board of Trustees  
The Ellwood City Hospital Foundation and Subsidiary  
Ellwood City, Pennsylvania

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of The Ellwood City Hospital Foundation and Subsidiary (Organization) which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### **Auditors' Responsibility**

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

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

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

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## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Ellwood City Hospital Foundation and Subsidiary as of June 30, 2014 and 2013, and the results of their operations and changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Carbis Walker LLP*

Certified Public Accountants

New Castle, Pennsylvania  
December 4, 2014

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidated Balance Sheets**  
**June 30, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 290,093	\$ 352,087
Accounts receivable, net of the allowance for doubtful accounts of \$ 1,958,000 in 2014; \$ 2,197,000 in 2013	3,096,277	4,362,465
Supplies and inventory	555,182	667,943
Estimated third-party payor settlements	18,175	233,137
Prepaid expenses and other assets	3,047,890	3,020,648
Total current assets	<u>7,007,617</u>	<u>8,636,280</u>
Assets limited as to use (Note 6):		
Investments - Board designated	30,160,952	27,642,058
By donors:		
Temporarily restricted	-	32,639
Permanently restricted	947,465	864,733
Beneficial interest in perpetual trust funds	361,231	322,092
Total assets limited as to use	<u>31,469,648</u>	<u>28,861,522</u>
Marketable equity securities (Note 8)	2,966,710	2,698,976
Property and equipment, net (Note 9)	9,612,972	9,763,595
Other assets	522,138	828,914
Total assets	<u>\$ 51,579,085</u>	<u>\$ 50,789,287</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Current portion of bonds payable (Note 13)	\$ 195,000	\$ 185,000
Current portion of capital leases (Note 12)	167,665	53,997
Accounts payable	1,163,967	1,179,585
Estimated third-party payor settlements	417,126	492,356
Accrued expenses	2,443,423	2,483,443
Total current liabilities	<u>4,387,181</u>	<u>4,394,381</u>
Bonds payable, less current portion (Note 13)	4,470,000	4,665,000
Capital leases, less current portion (Note 12)	495,325	365,503
Professional liability IBNR, less current portion	74,707	134,862
Liability for pension benefits	7,530,649	7,104,117
Other liabilities	302,707	464,402
Total liabilities	<u>17,260,569</u>	<u>17,128,265</u>
Net assets:		
Unrestricted	33,009,820	32,441,558
Temporarily restricted	-	32,639
Permanently restricted	1,308,696	1,186,825
Total net assets	<u>34,318,516</u>	<u>33,661,022</u>
Total liabilities and net assets	<u>\$ 51,579,085</u>	<u>\$ 50,789,287</u>

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

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidated Statements of Operations**  
**Years Ended June 30, 2014 and 2013**

	2014	2013
Unrestricted revenue, gains, and other support:		
Net patient service revenue	\$ 31,706,964	\$ 34,900,232
Provision for bad debts	1,342,445	2,075,402
Net patient service revenue less provision for bad debts (Note 4)	30,364,519	32,824,830
Other revenue	1,327,581	1,787,737
Total revenue	31,692,100	34,612,567
Expenses:		
Salaries and wages	16,620,862	17,140,241
Employee benefits	3,756,717	3,483,236
Physician and contract services	4,853,283	5,300,854
Medical and surgical supplies	3,426,007	2,719,709
Pharmacy supplies	620,855	671,654
Depreciation and amortization	1,623,643	1,714,401
Other, including interest expense of \$ 21,560 in 2014; \$ 8,416 in 2013	5,113,036	5,242,171
Total expenses	36,014,403	36,272,266
Operating (loss)	(4,322,303)	(1,659,699)
Non-operating income:		
Donations	188,691	418,236
Investment income	4,766,790	3,143,117
Total non-operating income	4,955,481	3,561,353
Excess of revenue over expenses from continuing operations	633,178	1,901,654

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



**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidated Statements of Operations, Continued**  
**Years Ended June 30, 2014 and 2013**

	2014	2013
Discontinued operations:		
Excess of revenue over expenses from operations of discontinued subsidiary division	\$ 7,036	\$ -
Net gain from sale of subsidiary division	346,247	-
Other changes in unrestricted net assets before change in liability for pension benefits:		
Net assets released from restrictions	<u>8,333</u>	<u>12,500</u>
Change in unrestricted net assets before additional minimum pension liability	994,794	1,914,154
Change in liability for pension benefits	<u>(426,532)</u>	<u>2,996,459</u>
Change in unrestricted net assets	<u>\$ 568,262</u>	<u>\$ 4,910,613</u>

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

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidated Statements of Changes in Net Assets**  
**Years Ended June 30, 2014 and 2013**

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Net assets, June 30, 2012	<u>\$ 27,530,945</u>	<u>\$ 354,209</u>	<u>\$ 1,125,533</u>	<u>\$ 29,010,687</u>
Excess of revenue over expenses from continuing operations	1,901,654	-	-	1,901,654
Change in liability for pension benefits	2,996,459	-	-	2,996,459
Change in net unrealized gains and losses on other than trading securities	-	(1,077)	62,863	61,786
Change in net realized gains and losses on other than trading securities	-	-	(1,571)	(1,571)
Net assets released from restrictions	<u>12,500</u>	<u>(320,493)</u>	<u>-</u>	<u>(307,993)</u>
Change in net assets	<u>4,910,613</u>	<u>(321,570)</u>	<u>61,292</u>	<u>4,650,335</u>
Net assets, June 30, 2013	<u>32,441,558</u>	<u>32,639</u>	<u>1,186,825</u>	<u>33,661,022</u>
Excess of revenue over expenses from continuing operations	633,178	-	-	633,178
Excess of revenue over expenses from operations of discontinued subsidiary division	7,036	-	-	7,036
Net gain from sale of subsidiary division	346,247	-	-	346,247
Change in liability for pension benefits	(426,532)	-	-	(426,532)
Change in net unrealized gains and losses on other than trading securities	-	(1,442)	125,142	123,700
Change in net realized gains and losses on other than trading securities	-	-	(3,271)	(3,271)
Net assets released from restrictions	<u>8,333</u>	<u>(31,197)</u>	<u>-</u>	<u>(22,864)</u>
Change in net assets	<u>568,262</u>	<u>(32,639)</u>	<u>121,871</u>	<u>657,494</u>
Net assets, June 30, 2014	<u>\$ 33,009,820</u>	<u>\$ -</u>	<u>\$ 1,308,696</u>	<u>\$ 34,318,516</u>

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

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2014 and 2013**

	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 657,494	\$ 4,650,335
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized (gains) on assets limited as to use	(1,222,769)	(796,960)
Net unrealized (gains) on investments	(2,918,134)	(1,605,894)
Depreciation and amortization	1,639,929	1,714,401
Provision for bad debts, net	1,352,046	2,075,402
Change in liability for pension benefits	426,532	(2,996,459)
(Gain) on sale of subsidiary division	(618,188)	-
(Increase) decrease in cash arising from changes in:		
Accounts receivable	(561,507)	(2,094,949)
Supplies and inventory	112,761	(85,953)
Prepaid expenses and other current assets	(89,450)	55,984
Prepaid pension cost	51,816	79,519
Estimated third-party payor settlements	214,962	(84,025)
Increase (decrease) in cash arising from changes in:		
Accounts payable	58,501	208,998
Accrued expenses	(199,236)	(811,760)
Estimated third-party payor settlements	(75,230)	74,896
Other	166,656	(147,196)
Net cash provided by (used in) operating activities	<u>(1,003,817)</u>	<u>236,339</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,373,585)	(1,550,986)
Proceeds from sale of subsidiary division	1,350,000	-
Equity interest in purchasing group	(23,451)	(23,451)
Purchase of assets limited as to use	(18,476,118)	(7,954,378)
Sales of assets limited as to use	19,741,161	8,446,276
Net cash provided by (used in) investing activities	<u>1,218,007</u>	<u>(1,082,539)</u>
<b>Cash flows from financing activities:</b>		
Principal payments on capital leases	(91,184)	(5,763)
Principal payments on bond	(185,000)	(180,000)
Net cash (used in) financing activities	<u>(276,184)</u>	<u>(185,763)</u>
Net (decrease) in cash and cash equivalents	(61,994)	(1,031,963)
Cash and cash equivalents at beginning of year	352,087	1,384,050
Cash and cash equivalents at end of year	<u>\$ 290,093</u>	<u>\$ 352,087</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 21,560</u>	<u>\$ 8,416</u>
Cash paid during the year for income taxes	<u>\$ 61,610</u>	<u>\$ 10,542</u>

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

# **The Ellwood City Hospital Foundation and Subsidiary**

## **Notes to Consolidated Financial Statements**

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

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#### **Note 1.      Organization**

The Ellwood City Hospital Foundation and Subsidiary (Organization) consists of The Ellwood City Hospital Foundation, The Ellwood City Hospital, Ellwood City Health Organization, Inc., Apple Occupational Health Services, Inc., and Outreach Care Group, Inc.

The Ellwood City Hospital Foundation (Foundation) was formed as a corporation in November 2010. The Foundation filed in December 2010 for nonprofit status approval under Internal Revenue Service Code Section 501(c)(3). The articles of incorporation and bylaws were amended in November 2011 and in February 2012 the final approval of nonprofit status was granted by the Internal Revenue Service. Effective February 2012, the Foundation began to serve as the parent of The Ellwood City Hospital (Hospital). The Foundation operates exclusively for the support and benefit of the Hospital. Investments were transferred from the Hospital to the Foundation in July 2013.

The Hospital is a not-for-profit community hospital that is a wholly-owned subsidiary of the Foundation with 60 acute care and swing beds, a 10-bed behavioral health unit, and a home health agency.

Ellwood City Health Organization, Inc. (ECHO) is a for-profit organization that is a wholly-owned subsidiary of the Hospital. ECHO was incorporated in the Commonwealth of Pennsylvania on November 4, 1996. ECHO is the holding company of two for-profit wholly-owned subsidiaries, Outreach Care Group, Inc. (OCG) and Apple Occupational Health Services, Inc. (AOHS). OCG consists of emergency room physicians, behavioral health physicians, a general surgeon, an orthopedic surgeon, an internal medicine physician, urology physician, and a wound care center. AOHS provides physical and occupational therapy services. Effective September 1, 2013, Apple Mobile Medical Services, a division of AOHS, was sold. Apple Mobile Medical Services had provided services that included audio-visual testing, cardio-pulmonary testing, phlebotomy, and urine drug screening collection for various industries.

A collaborative initiatives and management services agreement was entered into in February 2012 and effective July 1, 2012, between the Organization and Butler Memorial Hospital (Butler). The agreement stated that the Organization appointed Butler as the sole and exclusive manager of the health care operations of the Organization, with the Organization having the ultimate control and direction of the assets and affairs of the Organization. The collaborative initiatives and management services agreement was terminated in June 2013.

#### **Note 2.      Summary of Significant Accounting Policies**

##### **Net Assets**

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Net Assets (continued)**

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenue is reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as a direct reduction of temporarily restricted net assets. Donor-imposed restrictions that are met in the same year as the related donations are received are reported as revenue of the unrestricted net asset class.

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating income. Peripheral or incidental transactions are reported as non-operating items.

**Principles of Consolidation**

The consolidated financial statements of the Organization include the financial statements of the Foundation, Hospital, ECHO, AOHS, and OCG. All significant inter-company balances and transactions have been eliminated in consolidation.

**Cash Equivalents and Deposit Risk**

Cash equivalents consist of checking accounts and a money market investment account with original maturity of 90 days or less.

The Organization maintains amounts in two financial institutions which, in the normal course of business, may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures cash deposits up to \$ 250,000 per bank. The Organization has not experienced any losses in such accounts.

**Accounts Receivable**

Accounts receivable are stated at the amount the Organization expects to collect. The Organization provides an allowance for doubtful accounts equal to the estimated uncollectable amounts. The Organization estimate is based on historical collection experience and review of the current status of patient accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Patient accounts receivable are presented net of the allowance for doubtful accounts of \$ 1,958,000 and \$ 2,197,000 as of June 30, 2014 and 2013, respectively.

**Supplies and Inventory**

Supplies and inventory are stated at the lower of cost (first-in, first-out method) or market.

**Assets Limited as to Use**

Assets limited as to use are carried at fair value based on quotes in active markets. These assets include assets set aside by the Board of Trustees for future capital improvements, over which the Board of Trustees retains control and may at its discretion subsequently use for other purposes; unrestricted bequests designated for future use; and restricted bequests for endowment purposes.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Assets Limited as to Use (continued)**

Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted net asset balance.

Resources restricted by donors for capital replacement and expansion are added to the unrestricted net assets to the extent expended within the period.

Resources restricted by donors or grantors for specific operating purposes are reported in other revenue to the extent the restrictions are satisfied within the period.

Permanently restricted net assets consist of the original principal of trusts created under the wills of Sophia Elizabeth Lamb, Josephine B. Stiefel Jenkins (the Howell Jenkins Memorial Trust), H. Berlin and Kay Smith, Elder A. Anderson, and Odd McCleary. Terms of the trusts prohibit the expenditure of trust principal. Temporarily restricted net assets consisted of the Geraldine Evans Endowment Fund and the Barensfeld donation and have been fully utilized and/or amortized as of June 30, 2014. Restrictions on the principal of the original bequest of the Geraldine Evans Endowment Fund expired at a rate of five percent annually.

Interest income and dividends from assets whose use is limited or restricted are available for general operating purposes and have been recorded as non-operating items.

**Bonds Issuance Costs**

Bonds have been issued from the Hospital Enhancement Loan Program to be used for specified capital improvements. Costs incurred in issuing the series of 2006 A1 bonds (Note 13) are being amortized over the term of the bonds using the straight-line method which approximates the bond interest method.

**Beneficial Interest in Perpetual Trust Funds**

The Organization has received as contributions various perpetual trusts. Under the perpetual trust arrangements, the Organization has recorded the assets and has recognized permanently restricted contribution revenue at the fair market value of the Organization's beneficial interest in the trusts assets. Income earned on the trusts assets and distributed to the Organization is recorded as investment income on the accompanying consolidated statements of operations unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as valuation gain (loss) in beneficial interest in perpetual trusts in the permanently restricted net asset class.

**Investments and Investment Risk**

Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value on the consolidated balance sheets. Cash and cash equivalents are carried at cost which approximates fair value. Investment income is included in the determination of excess of revenue over expenses from continuing operations unless the income or loss is restricted by donor or law. Donor-restricted investment income is reported as an increase in temporarily restricted or permanently restricted net assets depending on the type of restriction. The cost of investments sold is determined by use of the specific identification method.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported on the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term. As of June 30, 2014 and 2013, management has determined that the investments are properly classified as trading securities.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment acquisitions are stated at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method for internal reporting and an accelerated method for tax reporting. Depreciation on assets acquired under capital leases is included in depreciation expense on owned assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment losses are recognized on the consolidated statements of operations as a component of excess of revenue over expenses from continuing operations as they are determined. The Organization reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Organization calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the assets. No such losses were recognized in 2014 or 2013.

**Excess of Revenue Over Expenses**

Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Peripheral or incidental transactions are reported as other income or loss. Changes in unrestricted net assets which are excluded from the excess of revenue over expenses from continuing operations, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.

**Income Taxes**

The Hospital and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Therefore, no provision for income taxes has been made with respect to Hospital and Foundation activities. However, the Hospital's subsidiary, ECHO, is subject to federal and state income taxes on related income.

Income taxes for ECHO are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Organization has recorded a net federal tax asset of approximately \$ 0 and \$ 169,000 as of June 30, 2014 and 2013, respectively.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Income Taxes (continued)**

Deferred state tax assets totaling \$ 53,206 were reserved due to no operating activities in OCG prior to fiscal year 2012 and no profitable operating activities to offset the deferred tax assets. Deferred federal tax assets totaling \$ 67,070 were reserved due to no profitable operating activities to offset the deferred tax assets. The NOL carryforwards will expire in various years beginning in 2021 and continuing through 2028.

The Organization has adopted the standard for accounting for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

The Organization has reviewed the impact of the standard on the consolidated financial statements and has determined there are no material uncertain tax positions or unrecognized tax benefits and there is no material impact on the consolidated balance sheets, statements of operations, or cash flows. The Organization's accounting standard evaluation was performed for the tax years 2011 through 2014, which are the years that remain subject to federal and state examinations as of June 30, 2014.

The Hospital's and Foundation's federal Forms 990/990EZ, Return of Organization Exempt from Income Tax, and the Hospital's Form 990-T, Exempt Organization Business Income Tax Return, for the years ended June 30, 2013, 2012, and 2011, remain subject to examination by the Internal Revenue Service and various state agencies.

In July 2013, the Financial Accounting Standards Board (FASB) issued guidance related to the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit exists at the reporting date. Current U.S. GAAP does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This Accounting Standards Update (ASU) is intended to provide guidance on the presentation of unrecognized tax benefits and the manner in which an entity would settle, at the reporting date, any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. This guidance is effective for public entities for fiscal years beginning after December 15, 2013, and for nonpublic entities for fiscal years beginning after December 15, 2014. Early adoption is permitted. The Organization is currently evaluating the impact, if any, that adoption will have on its consolidated financial statements.

**Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.



**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncement**

In May 2014, the FASB issued guidance related to recognition of revenue from contracts with customers. This guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and requires certain qualitative and quantitative disclosures regarding revenue arising from contracts with customers. This Accounting Standards Update (ASU) will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. This guidance is effective for public entities with annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted for public entities. For all other entities (nonpublic entities), the amendments in this Update will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. A nonpublic entity may elect to apply this guidance earlier, subject to certain limitations. The Organization is currently evaluating the impact, if any, that adoption will have on its consolidated financial statements. Management has not yet selected a transition method nor has the effect of this guidance on the Organization's ongoing financial reporting been determined.

**Use of Estimates**

The preparation of consolidated financial statements, in accordance 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 as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Industry Risks**

The U.S. health care industry continues to experience significant change. Today, the primary force for change is being created by a competitive marketplace resulting in rapid change in health care delivery and financing as well as significant regulatory change.

An increasing number of the Hospital's third-party payors are adopting prospective payment systems similar to those used by the federal government's Medicare program, which shift financial risk from the payor/insurer to the health care provider. The Hospital has signed provider contracts with several managed care organizations, which emphasize utilization control and cost containment.

Managed care organizations either directly transfer risk to health care providers through capitation payment arrangements, or pay for units of service on a steeply discounted basis.

Cost containment measures by third-party payors have resulted in an excess supply of inpatient acute care beds in western Pennsylvania. Mergers and affiliations are occurring in order to create larger integrated delivery systems to compete for patients enrolled in commercial, state Medicaid, and Medicare managed care programs. This consolidation is expected to result in the continuing closure of hospital beds, and a reduction in the number of full-service health care providers.

These factors cause significant challenges to all providers, including the Hospital, in the western Pennsylvania marketplace.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Public Debt**

At ASC 860-10-20, the Financial Accounting Standards Board clarifies the definition of a public entity in certain accounting standards to include entities that are conduit bond obligors for conduit debt securities that are traded in a public market. The Organization is considered a public entity for financial statement disclosure purposes based on the qualification of its revenue bonds as public debt. The Organization has determined that this pronouncement does not have a material impact on its consolidated balance sheets, statements of operations, or cash flows.

**Laws and Regulations**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, patient privacy, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment of funds for patient services previously billed and collected. Management believes that the Organization is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization evaluated events that occurred through December 4, 2014, the date the consolidated financial statements were issued, for potential recognition or disclosure.

**Note 3. Charity Care and Bad Debts**

Throughout the admission, billing, and collections process, certain patients are identified by the Hospital as qualifying for charity care. The Hospital provides care to these patients without charge or at amounts less than its established rates. Charity care services are provided to patients who are uninsured or underinsured. Eligibility requirements are based on Pennsylvania Medical Assistance denial, family income, and medical necessity of services. The charges forgone for charity care services provided by the Hospital amounted to \$ 153,563 and \$ 126,953 in years ended 2014 and 2013, respectively, with associated direct and indirect costs of \$ 84,724 and \$ 66,486 in 2014 and 2013, respectively. The direct and indirect costs incurred in providing charity care are determined by multiplying the charges forgone by the Hospital's cost to charge ratio. This cost to charge ratio is based on the direct and indirect costs incurred by the Hospital to provide patient care as a percentage of net patient service revenue. Management also provided for bad debts, which primarily relate to patient receivables from individuals, which it determines are uncollectable. Such bad debts amounted to approximately \$ 1,342,000 and \$ 2,075,000 in 2014 and 2013, respectively. In 2014 and 2013, 0.3% and 0.5%, respectively, of all services were provided on a charity basis. The Hospital did not receive any funds specifically to offset or subsidize charity services provided for 2014 or 2013.

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 3. Charity Care and Bad Debts (Continued)**

The Hospital also sponsors or participates in a variety of community service programs including the Ellwood City Meals on Wheels program, TECH Alert Program for the elderly, periodic information fairs, and various tri-county area outreach services. The Hospital, in cooperation with Highmark Inc., offers low cost coverage programs known as Special Care and The Caring Program. Special Care is designed for low income individuals and families who are ineligible for government assistance, and The Caring Program is for children of low income families.

**Note 4. Net Patient Service Revenue**

Net patient service revenue is reported on the accrual basis of accounting in the period in which services are provided at established rates. Management performs an evaluation of the collectability of revenue recorded and records an allowance for doubtful accounts based on the probability of collection.

The Organization has agreements with third-party payors that provide for payment to the Organization at amounts different from its established charges. Uncompensated contractual adjustments relating to these agreements, which are included as a reduction from gross revenue, amounted to approximately \$ 33,326,000 and \$ 32,794,000 during 2014 and 2013, respectively.

These agreements provide reimbursement for inpatient acute services on prospectively determined rates related to patient diagnosis related group classifications (DRGs) for Medicare, Highmark Inc., and Medical Assistance. The Medical Assistance reimbursement for outpatient costs is based on fee schedule amounts. The Medicare reimbursement for outpatient services is on a prospective basis. Home health, swing beds, skilled nursing, and behavioral health services are subject to prospective reimbursement.

The Organization has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

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

Net patient revenue by major payor source is as follows for the years ended June 30:

	2014	2013
* Medicare	\$ 15,992,974	\$ 17,066,807
* Medical Assistance	1,336,890	1,853,601
Highmark	7,158,445	6,196,268
Other third-party payors	6,998,224	9,448,215
Patients	220,431	335,341
	<u>\$ 31,706,964</u>	<u>\$ 34,900,232</u>

\* Includes managed care products

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 5. Fair Value of Financial Instruments**

Authoritative guidance regarding *Fair Value Measurements* establishes a framework for measuring fair value. This guidance defines fair value, establishes a framework and hierarchy for measuring fair value, and outlines the related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). There have been no changes in the methodologies used as of June 30, 2014 or 2013:

Cash and cash equivalents:	The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents approximate fair value.
Assets limited as to use:	Fair values, which are the amounts reported on the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar assets.
Marketable equity securities:	Fair values, which are the amounts reported on the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.
Bonds payable:	Fair values, which are the amounts reported on the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar bonds.
Capital leases:	Fair values, which are the amounts reported on the consolidated balance sheets, are estimated using discounted cash flow analyses, based on current interest rates for leases with similar terms.

The carrying amounts and fair values of the Organization's financial instruments as of June 30 are as follows:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 290,093	\$ 290,093	\$ 352,087	\$ 352,087
Assets limited as to use	31,469,648	31,469,648	28,861,522	28,861,522
Marketable equity securities	2,966,710	2,966,710	2,698,976	2,698,976
Bonds payable	(4,665,000)	(4,665,000)	(4,850,000)	(4,850,000)
Capital leases	(662,990)	(662,990)	(419,500)	(419,500)
	<u>\$ 29,398,461</u>	<u>\$ 29,398,461</u>	<u>\$ 26,643,085</u>	<u>\$ 26,643,085</u>

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**Note 5. Fair Value of Financial Instruments (Continued)**

Financial assets recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1** Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments or derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The table below presents the balances of assets measured at fair value as of June 30, 2014:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets limited as to use</b>				
Cash and cash equivalents	\$ 9,833	\$ 9,833	\$ -	\$ -
Marketable equity securities	22,500,265	22,500,265	-	-
Marketable debt securities	8,523,739	8,523,739	-	-
Assets held in trust by others	361,146	361,146	-	-
Investment income receivable	74,665	74,665	-	-
<b>Total</b>	<b>31,469,648</b>	<b>31,469,648</b>	<b>-</b>	<b>-</b>
<b>Marketable equity securities</b>				
Common stock financial	2,966,710	2,966,710	-	-
	<b>\$ 34,436,358</b>	<b>\$ 34,436,358</b>	<b>\$ -</b>	<b>\$ -</b>

The table below presents the balances of assets measured at fair value as of June 30, 2013:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets limited as to use</b>				
Cash and cash equivalents	\$ 89,259	\$ 89,259	\$ -	\$ -
Marketable equity securities	19,736,272	19,736,272	-	-
Marketable debt securities	8,672,905	8,672,905	-	-
Assets held in trust by others	321,248	321,248	-	-
Investment income receivable	41,838	41,838	-	-
<b>Total</b>	<b>28,861,522</b>	<b>28,861,522</b>	<b>-</b>	<b>-</b>
<b>Marketable equity securities</b>				
Common stock financial	2,698,976	2,698,976	-	-
	<b>\$ 31,560,498</b>	<b>\$ 31,560,498</b>	<b>\$ -</b>	<b>\$ -</b>

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 6. Assets Limited As To Use**

The composition of assets limited as to use as of June 30 is as follows:

	2014	2013
Cash and cash equivalents	\$ 9,833	\$ 89,259
Marketable equity securities	22,500,265	19,736,272
Marketable debt securities	8,523,739	8,672,905
Assets held in trust by others	361,146	321,248
Investment income receivable	74,665	41,838
	<u>\$ 31,469,648</u>	<u>\$ 28,861,522</u>

Sales and maturities of assets limited as to use resulted in net realized gains of approximately \$ 1,223,000 and \$ 797,000 for the years ended June 30, 2014 and 2013, respectively. Cumulative unrealized gains and (losses) were approximately \$ 7,014,000 and \$ 0, and \$ 4,667,000 and \$ (393,000) as of June 30, 2014 and 2013, respectively.

**Note 7. Endowment Funds**

**Interpretation of Relevant Law**

Endowment funds consist of money donated to the Organization with donor-imposed restrictions. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

**Appropriation of Endowment Assets for Expenditure**

The Organization's permanently restricted endowments prohibit the expenditure of trust principal due to the terms of the trust. Temporarily restricted endowments have either restrictions on the principal of the original bequest expiring at a rate of five percent annually or are restricted for the purchase of property and equipment.

**Return Objectives and Risk Parameters**

Investment objectives are intended to provide quantifiable benchmarks against which the progress toward long-range investment goals can be measured. Primary, secondary, and overall objectives have been established.

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**Note 7. Endowment Funds (Continued)**

**Return Objectives and Risk Parameters (continued)**

Primary objectives are those which should be attained if the assets are to be considered well-invested. Well-invested implies that, within the framework of the Organization's investment policy, the assets are generating returns sufficient to indicate long-range goals will be met. The portfolio should meet all of the following total return objectives over a rolling five-year period (i.e., full market cycle).

1. The total return generated by the portfolio should exceed the greater of the rate of inflation, as measured by the CPI, plus 2%, or the rate of return on 90-day Treasury Bills plus 2%.
2. The income generated by the portfolio should grow to keep pace with inflation.
3. The total fund return should exceed the policy benchmark.

Secondary objectives are measured over a shorter time span than primary objectives. The Organization recognizes the short time horizon provided by the secondary objectives. The investment advisor and/or investment manager should in no way infer this is an appropriate time frame in which to develop and implement investment strategy. Secondary objectives are not considered of equal importance and for this reason have been prioritized.

Fund returns should exceed the policy benchmark over rolling five-year periods (i.e., a full market cycle).

**Policy benchmark:**

55% Russell 3000 Index

20% MSCI EAFE (Gross)

25% Barclays Capital Intermediate Government / Credit Index

Meeting secondary objectives will not necessarily ensure all long-range goals will be met. However, secondary objectives can serve as an early indication of progress toward meeting the more fundamental primary objectives. Meeting long-term investment goals is of first concern.

Overall objectives relate to the legal obligations to which the Finance Committee (Committee) is bound as a fiduciary. As a result, the portfolio should be invested so that it complies with all relevant fiduciary regulations, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The following investment goals and philosophy constitute the investment policy of the Organization. The Committee expects the investment advisor and/or investment manager to use investment strategies and investment vehicles consistent with this policy.

The Funds' assets are to be invested so that long-range goals are met. One goal should not be considered more important than another, and if any conflict is perceived by the Committee or the investment advisor and/or investment manager, the conflict would be discussed and resolved as soon as practical.

The Committee believes it is important to preserve capital; therefore, the manager should invest the assets of the portfolio so as to avoid a permanent loss of capital. The Committee also believes it is important to preserve the purchasing power of the portfolio. As a result, the portfolio's income should grow to keep pace with inflation so that it may generate sufficient income for current and future Organization needs.

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 7. Endowment Funds (Continued)**

**Return Objectives and Risk Parameters (continued)**

The statements that follow represent the Organization's investment philosophy regarding the Funds' needs. The investment advisor should develop investment strategies consistent with this philosophy.

The Committee does not wish to direct the purchases, sale, or retention of individual issues and, therefore, grants discretion to the investment manager to make these decisions.

However, the Committee expects to be kept informed regarding changes in the investment strategy employed in managing the assets. Examples of investment strategy changes are:

1. A substantial change in the asset allocation during any quarter.
2. Any modification in investment style resulting from changes in market or economic perceptions.

Within the framework of this document's guidelines, the investment advisor should use his best professional judgment in structuring a portfolio to achieve the stated goals and objectives.

More specifically, to allow for ongoing asset mix modification in response to and in anticipation of changing economic conditions, the following guidelines will apply:

	<u>Strategic Asset Allocation</u>	<u>Asset Allocation Range</u>	<u>Tactical Asset Allocation</u>
<b>Market Exposure</b>			
U.S. Equity	45%	35-55%	45%
International Equity: Developed	5%	0-10%	5%
<b>Risk Reduction</b>			
Investment Grade Fixed Income	20%	10-30%	20%
Cash	0%	0-5%	0%
<b>Return Enhancement</b>			
International Equity: Emerging	15%	10-20%	15%
Non-Investment Grade Fixed Income	5%	0-10%	5%
<b>Inflation Hedge</b>			
TIPS	5%	0-10%	5%
REITs	5%	0-10%	5%
Commodities	0%	0-10%	0%

1. Strategic Asset Allocation: long-term asset allocation based on expected returns, volatility, and the unique risk tolerance and/or liabilities of the Organization. It is expected that changes in the Organization's risk tolerance will be the primary driver of changes to the Strategic Asset Allocation. The advisor will recommend changes to the Strategic Asset Allocation as part of its annual review of the Investment Policy Statement.



**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 7. Endowment Funds (Continued)**

**Return Objectives and Risk Parameters (continued)**

2. **Asset Allocation Range:** the range within which the Tactical Asset Allocation must fall for each asset class. This range will be dependent on the Strategic Asset Allocation of each asset class: +/- 10% for those with a target allocation of more than 20%, and +/- 5% for those with a target allocation of less than 20%.
3. **Tactical Asset Allocation:** functional allocation based on current and prospective developments in the financial markets. The objective of this periodic bias is to produce incremental returns on top of those of an already diversified portfolio. Changes in the Tactical Asset Allocation are infrequent and disciplined, based on the concept that continuous or severe shifts in and out of asset classes introduce "market timing," which increases inefficiencies and market risk.
4. **Rebalancing:** shall take place if the weighting of any asset class is outside of the permitted range relative to the Tactical Asset Allocation target, or at least annually. The permitted range is defined as: +/- 10% for asset classes with a target of 20% or greater, and +/- 5% for asset classes with a target less than 20%. A rebalancing of the portfolio should bring the weightings of each asset class listed above back in line with its Tactical Asset Allocation target.
5. Investments should not exceed the maximum or be lower than the minimum levels at market value without written permission of the Organization.

The composition of endowment net assets by type of fund as of June 30, 2014, is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 991,253	\$ 991,253
Board-designated endowment funds	23,464,142	-	-	23,464,142
Unrealized gains	6,696,810	-	317,443	7,014,253
Total funds	<u>\$ 30,160,952</u>	<u>\$ -</u>	<u>\$ 1,308,696</u>	<u>\$ 31,469,648</u>

The composition of endowment net assets by type of fund as of June 30, 2013, is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 31,196	\$ 994,524	\$ 1,025,720
Board-designated endowment funds	23,561,946	-	-	23,561,946
Unrealized gains	4,080,112	1,443	192,301	4,273,856
Total funds	<u>\$ 27,642,058</u>	<u>\$ 32,639</u>	<u>\$ 1,186,825</u>	<u>\$ 28,861,522</u>

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 7. Endowment Funds (Continued)**

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets, June 30, 2012	<u>\$ 25,790,762</u>	<u>\$ 354,209</u>	<u>\$ 1,125,533</u>	<u>\$ 27,270,504</u>
Investment return:				
Net interest income	18	-	-	18
Net dividend income	<u>760,791</u>	<u>-</u>	<u>-</u>	<u>760,791</u>
Total investment return	<u>760,809</u>	<u>-</u>	<u>-</u>	<u>760,809</u>
Contributions	-	-	-	-
Disbursements	(1,012,752)	-	-	(1,012,752)
Net change realized gains (losses)	793,696	-	(1,571)	792,125
Net change unrealized gains (losses)	1,297,043	(1,077)	62,863	1,358,829
Net assets released from restrictions	<u>12,500</u>	<u>(320,493)</u>	<u>-</u>	<u>(307,993)</u>
Change in endowment net assets	<u>1,851,296</u>	<u>(321,570)</u>	<u>61,292</u>	<u>1,591,018</u>
Endowment net assets, June 30, 2013	<u>27,642,058</u>	<u>32,639</u>	<u>1,186,825</u>	<u>28,861,522</u>
Investment return:				
Net interest income	12	-	-	12
Net dividend income	<u>684,760</u>	<u>-</u>	<u>-</u>	<u>684,760</u>
Total investment return	<u>684,772</u>	<u>-</u>	<u>-</u>	<u>684,772</u>
Contributions	-	-	-	-
Disbursements	(2,013,828)	-	-	(2,013,828)
Net change realized gains (losses)	1,222,919	-	(3,271)	1,219,648
Net change unrealized gains (losses)	2,616,698	(1,442)	125,142	2,740,398
Net assets released from restrictions	<u>8,333</u>	<u>(31,197)</u>	<u>-</u>	<u>(22,864)</u>
Change in endowment net assets	<u>2,518,894</u>	<u>(32,639)</u>	<u>121,871</u>	<u>2,608,126</u>
Endowment net assets, June 30, 2014	<u>\$ 30,160,952</u>	<u>\$ -</u>	<u>\$ 1,308,696</u>	<u>\$ 31,469,648</u>

**Note 8. Marketable Equity Securities**

Marketable equity securities consist entirely of common stock of a local financial institution. Net cumulative unrealized gains on those securities amounted to approximately \$ 1,544,000 and \$ 1,366,000 for the years ended June 30, 2014 and 2013, respectively.

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 9. Property and Equipment**

Major classes of property and equipment are as follows as of June 30:

	2014	2013
Land and improvements	\$ 1,007,898	\$ 974,629
Buildings	11,617,310	11,463,064
Furniture, fixtures, and equipment (including assets acquired under capital leases with balances of \$ 3,478,348 in 2014 and \$ 3,143,674 in 2013)	<u>32,630,355</u>	<u>33,081,598</u>
	45,255,563	45,519,291
Less accumulated depreciation (including accumulated depreciation on capital leases with balances of \$ 2,865,318 in 2014 and \$ 2,748,787 in 2013)	<u>35,668,419</u> <u>9,587,144</u>	<u>35,782,466</u> <u>9,736,825</u>
Construction-in-progress	<u>25,828</u>	<u>26,770</u>
	<u>\$ 9,612,972</u>	<u>\$ 9,763,595</u>

Depreciation expense amount to approximately \$ 1,640,000 and \$ 1,706,000 for the years ended June 30, 2014 and 2013, respectively.

**Note 10. Accrued Expenses**

The following represents accrued expenses the Organization has recognized in the consolidated financial statements as of June 30:

	2014	2013
Salaries and wages	\$ 1,557,133	\$ 1,626,467
Payroll taxes	47,085	75,611
Deferred dues and rent	189,339	22,494
Taxes payable	330	22,824
Other accrued fees	<u>649,536</u>	<u>736,047</u>
	<u>\$ 2,443,423</u>	<u>\$ 2,483,443</u>

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 11. Operating Leases**

The Organization is committed to several operating leases for rental of property and equipment, the longest of which runs through September 2017, with an option to renew for five years. Operating lease rental payments were \$ 125,530 and \$ 111,804 for 2014 and 2013, respectively. The following is a schedule by year of future minimum rental payments required under these operating leases as of June 30, 2014:

<b>Years ending June 30:</b>	
2015	\$ 83,748
2016	63,402
2017	63,402
2018	15,851
	<hr/>
Total minimum payments required	<u>\$ 226,403</u>

**Note 12. Capital Leases**

During March 2013 the Hospital entered into an 84 month lease for a Multi-purpose X-Ray System with Pulse Fluoro at an implicit interest rate of 3.84% and a dollar buyout option.

During February 2014 the Hospital entered into a 36 month lease for Operating Room Scopes at 0.00% interest and a dollar buyout option.

The following is a schedule by years of future minimum rental payments required under the capital leases:

<b>Years ending June 30:</b>	
2015	\$ 180,720
2016	180,720
2017	143,534
2018	69,162
2019	69,162
Thereafter	63,364
	<hr/>
	706,662
Less interest portion	<u>43,672</u>
Total minimum payments required	662,990
Less current portion	<u>167,665</u>
Non-current portion	<u>\$ 495,325</u>

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 13. Long-Term Debt**

In June 2006, the Hospital issued 2006 Series A1 bonds from the Hospital Enhancement Loan Program (HELP) in the amount of \$ 5,975,000 to be used for specified capital improvements. The bonds bear interest at a weekly rate, which was 0.07% as of June 30, 2014, with interest payable monthly on the first business day of each calendar month, commencing July 3, 2006, by J.P. Morgan Trust Company, National Association (Trustee), subsequently changed to the Bank of New York Trust Company, National Association (Trustee), to the registered owner and matures on June 1, 2031. The bonds are payable solely from, and are secured by an assignment and a pledge of, payments and other revenue to be received by the Pennsylvania Economic Development Financing Authority (Authority) under separate loan agreements between the Authority, The Ellwood City Hospital, and several other hospitals, and from bond proceeds and other money pledged therefore under separate trust indentures between the Authority and the Trustee pursuant to which the bonds are issued and secured, and, from the date of original issuance of the bonds through the expiration date, from funds drawn under separate irrevocable letters of credit issued with respect to each series of the bonds by PNC Bank. The Hospital pledged as collateral a security interest in the equipment acquired with the proceeds of the 2006 Series A1 bonds. Bond issuance costs and fees in connection with the bonds amounted to \$ 125,000. The issuance costs are being amortized over the lives of the bonds.

The following is a schedule by year of future minimum principal payments required under long-term debt as of June 30, 2014:

**Years ending June 30:**

2015	\$ 195,000
2016	200,000
2017	210,000
2018	220,000
2019	230,000
Aggregated thereafter	<u>3,610,000</u>
Total minimum payments required	<u>\$ 4,665,000</u>

**Note 14. Insurance Arrangements – Malpractice and Other**

Effective June 20, 2002, the Organization became a member of Community Hospital Alternative for Risk Transfer (CHART), which provides the Organization the initial layer and excess coverage under a claims-made policy. CHART was formed as a reciprocal risk retention group, which is a form of a captive insurance company owned by its insureds (called “subscribers”) domiciled in Vermont and approved to provide coverage in Pennsylvania. The Organization also continues to be eligible for coverage under the MCare Fund. The Organization has recorded an accrual for claims incurred but not reported as of June 30, 2014 and 2013, amounting to approximately \$ 124,000 and \$ 218,000, respectively. Additionally, in accordance with authoritative guidance on the reporting and presentation of insurance claims and related recoveries, the Organization has accrued \$ 302,707 and \$ 464,402, associated with open asserted claims as of June 30, 2014 and 2013, respectively.

This accrual is recorded as other liabilities on the consolidated balance sheets. As the Organization would expect these claims to be covered by their insurance policies, a corresponding receivable has been included in other assets on the consolidated balance sheets.

**The Ellwood City Hospital Foundation and Subsidiary**  
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**Note 14. Insurance Arrangements – Malpractice and Other (Continued)**

The MCare Fund, an agency fund of the Commonwealth of Pennsylvania, acts as a service agent to facilitate the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by the Organization and other health care providers practicing in Pennsylvania. The MCare Fund policies are retrospectively rated on a claims-made basis. The MCare Fund levies health care provider surcharges, as a percentage of insurance premiums for basic coverage, to pay claims and administrative expenses on behalf of MCare Fund participants.

Pennsylvania legislation provides for the gradual phase-out of MCare Fund coverage over the next several years.

The Organization's premium for participation in the MCare Fund for January 1, 2014, to December 31, 2014, was \$ 38,720. The MCare Fund premium for January 1, 2013, to December 31, 2013, was \$ 40,466. No specific provision has been made for any future MCare Fund assessments in the accompanying consolidated financial statements as the Organization's portion of the MCare Fund unfunded liability cannot be reasonably estimated.

Effective July 1, 2010, the Organization changed its employee health insurance benefits from a fully-insured arrangement to a self-funding arrangement. The Organization has recorded an accrual for claims incurred but not reported as of June 30, 2014 and 2013, amounting to \$ 158,000 and \$ 126,000, respectively.

**Note 15. Pension Plan**

Effective January 1, 2004, the Organization implemented a voluntary defined contribution pension plan. The Organization froze all benefit accruals of the previous non-contributory, defined benefit pension plan as of December 31, 2003. The Organization's new defined contribution pension plan is based on a voluntary employee contribution payroll deduction and a 1% discretionary Organization contribution. In addition, the Organization will match 25% of an employee's voluntary contributions up to 6% of their total wages. The Organization contributed \$ 250,954 and \$ 256,993 for the years ended June 30, 2014 and 2013, respectively. The Organization's defined benefit pension plan's benefits are based on a formula taking into consideration an employee's compensation and years of service. The Organization's funding policy is to make annual contributions to the plan based upon the funding standards developed by the plan actuary. The Organization's contributions for 2014 and 2013 met or exceeded the minimum funding requirements of the Employee Retirement Income Security Act (ERISA) of 1974, as amended. The Plan's measurement dates were June 30, 2014 and 2013.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 15. Pension Plan (Continued)**

The following sets forth the defined benefit plan's funded status and amounts recognized in the Organization's consolidated financial statements as of and for the years ended June 30:

	2014	2013
A. Funded status		
1. Projected benefit obligation at June 30	\$ (17,227,887)	\$ (15,721,543)
2. Fair value of plan assets at June 30	<u>12,128,729</u>	<u>11,100,733</u>
3. Funded status	<u>\$ (5,099,158)</u>	<u>\$ (4,620,810)</u>
B. Amounts recognized on the consolidated balance sheets		
Noncurrent liabilities:		
1. Prepaid benefit cost	\$ 2,431,491	\$ 2,483,307
2. Liability for pension benefits	<u>(7,530,649)</u>	<u>(7,104,117)</u>
Net amount recognized	<u>\$ (5,099,158)</u>	<u>\$ (4,620,810)</u>
C. Pension expense recognized on the consolidated statements of operations	<u>\$ 51,816</u>	<u>\$ 79,519</u>
D. Unrecognized changes in consolidated net assets		
Unrecognized net loss	<u>\$ 7,530,649</u>	<u>\$ 7,104,117</u>
E. Change in liability for pension benefits	<u>\$ (426,532)</u>	<u>\$ 2,996,459</u>
F. Employer contributions	<u>\$ -</u>	<u>\$ -</u>
G. Benefits paid	<u>\$ 768,799</u>	<u>\$ 720,684</u>
H. Accumulated benefit obligation	<u>\$ (17,227,887)</u>	<u>\$ (15,721,543)</u>
I. Weighted-average assumptions as of June 30:		
Discount rate for disclosures	4.11%	4.68%
Discount rate for expense	4.68%	3.85%
Expected return on assets	8.50%	8.50%
Rate of compensation increase	N/A	N/A

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

**Note 15. Pension Plan (Continued)**

- J. Plan assets are managed so that long-term returns exceed actuarial assumptions while maintaining purchasing power. The plan assets are also to be managed to prudently grow the assets, and returns should exceed the policy benchmark over the long-term (rolling five-year periods). All investments must comply with the ERISA regulations. The targeted mix of assets for the plan assets is:

	<u>Strategic Asset Allocation</u>	<u>Asset Allocation Range</u>	<u>Tactical Asset Allocation</u>
<b>Market Exposure</b>			
U.S. Equity	45%	35-55%	45%
International Equity: Developed	5%	0-10%	5%
<b>Risk Reduction</b>			
Investment Grade Fixed Income	20%	10-30%	20%
Cash	0%	0-5%	0%
<b>Return Enhancement</b>			
International Equity: Emerging	15%	10-20%	15%
Non-Investment Grade Fixed Income	5%	0-10%	5%
<b>Inflation Hedge</b>			
TIPS	5%	0-10%	5%
REITs	5%	0-10%	5%
Commodities	0%	0-10%	0%

Following is a chart of actual plan asset values and mix as of June 30, 2014:

	<b>FMV</b>	<b>% of Assets</b>
Cash and cash equivalents	\$ 45,817	0.4%
Marketable equity securities	8,886,792	73.3%
Marketable debt securities	3,098,846	25.5%
Investment income receivable	97,274	0.8%
	<u>\$ 12,128,729</u>	<u>100.0%</u>

The table below presents the balances of assets measured at fair value as of June 30, 2014:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 45,817	\$ 45,817	\$ -	\$ -
Marketable equity securities	8,886,792	8,886,792	-	-
Marketable debt securities	3,098,846	3,098,846	-	-
Investment income receivable	97,274	97,274	-	-
	<u>\$ 12,128,729</u>	<u>\$ 12,128,729</u>	<u>\$ -</u>	<u>\$ -</u>



**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 15. Pension Plan (Continued)**

**K. Expected benefit payments**

**Years ending June 30:**

2015	\$	713,000
2016		778,000
2017		846,000
2018		886,000
2019		938,000
Aggregated 2020 - 2024		5,106,000

**L.** No contributions are required in fiscal year 2015.

**Note 16. Concentration of Credit Risk**

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of June 30 is as follows:

	<b>2014</b>	<b>2013</b>
Medicare	19 %	21 %
Medical Assistance	2	3
Highmark Inc.	10	7
* Managed care	39	42
Other third-party payors	7	11
Patients	23	16
	<u>100 %</u>	<u>100 %</u>

\* Includes Medicare, Medical Assistance, and Highmark Inc. managed care products.

**Note 17. Functional Expenses**

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended June 30:

	<b>2014</b>	<b>2013</b>
Health care services	\$ 29,479,138	\$ 30,127,029
General and administrative	<u>6,535,265</u>	<u>6,145,237</u>
	<u>\$ 36,014,403</u>	<u>\$ 36,272,266</u>

**Note 18. Related Parties**

The First Vice-Chairman of the Organization's Board of Trustees is also an officer of a local financial institution in which the Foundation has marketable equity securities.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 19. Investments**

Investment income and gains (losses) for assets limited as to use, long and short-term investments, and cash equivalents as of June 30 are as follows:

	2014	2013
Investment income:		
Dividend and interest income	\$ 749,442	\$ 805,313
Net realized gain on sales of investments	1,222,919	793,696
Net unrealized gains on investments	<u>2,794,429</u>	<u>1,544,108</u>
Total investment income	<u>\$ 4,766,790</u>	<u>\$ 3,143,117</u>

**Note 20. Meaningful Use of Electronic Health Records**

The American Recovery and Reinvestment Act of 2009 established one-time incentive payments under the Medicare and Medicaid programs for hospitals that meaningfully use certified electronic health records (EHR) technology. In general, a hospital may receive an incentive payment for up to four years, provided it successfully demonstrates meaningful use of certified EHR technology for the EHR reporting period. The key component of receiving the EHR incentive payments is "demonstrating meaningful use," which means meeting a series of objectives that make use of an EHR's potential related to the improvement of quality, efficiency, and patient safety. Meaningful use will be assessed on a year-by-year basis.

Once the Organization meets the requirements for an incentive payment, a preliminary payment is made by the Centers for Medicare and Medicaid Services based on discharge data from the Organization's most recently filed cost report. The final amount of the payment is determined at the time the cost report for the period beginning in the payment year is settled, based on discharge data from that cost report. The Organization attested as a meaningful user for the fiscal years ended June 30, 2014 and 2013. As such, the Organization recognized \$ 775,318 and \$ 1,329,612 of income under the Medicare program for the years ended June 30, 2014 and 2013, respectively, which is included in other operating revenue on the accompanying consolidated statements of operations.

Meaningful use income recognized is based on management's estimate and it is reasonably possible that the estimates used could change materially in the near term. Any such changes would affect operations in the period in which they occur. The Organization's attestation as a meaningful user is subject to audit by the federal government or its designee.

**The Ellwood City Hospital Foundation and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**June 30, 2014 and 2013**

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**Note 21. Commitments and Contingencies**

In the ordinary course of operations, certain legal claims have been filed against the Organization. These matters typically are subject to various uncertainties and could be resolved unfavorably to the Organization. While the ultimate resolution of these matters cannot be presently determined, management does not anticipate that any related settlement, after consideration of insurance coverage and recorded accrual, would have a materially adverse effect on the Organization's financial position, results of operations, or cash flows. Liabilities are recorded when, in management's opinion, there is a probability of an unfavorable outcome and the amount of loss can be reasonably estimated.

**Note 22. Sale of Subsidiary Division**

Effective September 1, 2013, Apple Mobile Medical, which is a division of Apple Occupation Health Services, Inc. was sold for \$ 1,500,000. One-hundred fifty thousand dollars (\$ 150,000) of the sale price was delivered to BNY Mellon N.A. as the escrow agent to be held or disbursed in accordance with the terms of an escrow agreement. The escrow agreement is in effect for eighteen (18) months after the date of the sale and will final determine on March 1, 2015. If no escrow claim notices have been submitted by the buyer, the escrow fund will be distributed to the Organization at that time. As of June 30, 2014, no known escrow claim notices have been filed.

The sale of Apple Mobile Medical resulted in a pretax gain of \$ 618,188 as reflected on the consolidated statement of cash flows and a net gain of \$ 346,247 as reflected on the consolidated statement of operations. The discontinued division had revenue over expenses of \$ 7,036 that has been reflected on the consolidated statement of operations for the fiscal year ending June 30, 2014.



**Carbis Walker LLP**

*Certified Public Accountants & Consultants*

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New Castle, PA

Pittsburgh, PA

**Independent Auditors' Report  
on the Supplementary Information**

Board of Trustees  
The Ellwood City Hospital Foundation and Subsidiary  
Ellwood City, Pennsylvania

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the year ended June 30, 2014, as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended June 30, 2014, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Carbis Walker LLP*

Certified Public Accountants

New Castle, Pennsylvania  
December 4, 2014

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# The Ellwood City Hospital Foundation and Subsidiary Consolidating Schedule – Balance Sheet Information June 30, 2014

See Independent Auditors' Report on the Supplementary Information

Assets	Apple Occup. Health Services, Inc.	Outreach Care Group, Inc.	Ellwood City Health Organization, Inc.	Eliminations	Total Ellwood City Health Organization, Inc.	The Ellwood City Hospital	Eliminations	The Ellwood City Hospital Foundation and Subsidiary
<b>Current assets</b>								
Cash and cash equivalents	\$ 120,371	\$ 91,821	\$ 5,556	\$ -	\$ 217,748	\$ 58,329	\$ -	\$ 290,093
Accounts receivable, net of the allowance for doubtful accounts of \$ 1,958,000	97,593	205,075	-	-	302,668	2,793,609	-	3,096,277
Supplies and inventory	-	-	-	-	-	555,182	-	555,182
Due from affiliates	2,833	158,589	158,589	(319,057)	954	128,322	-	-
Investment in subsidiaries	-	-	319,087	(319,087)	-	327,568	-	-
Estimated third-party payor settlements	-	-	-	-	-	18,175	-	18,175
Prepaid expenses and other assets	29,044	28,259	-	-	57,303	2,990,587	-	3,047,890
<b>Total current assets</b>	<b>249,841</b>	<b>483,744</b>	<b>483,232</b>	<b>(638,144)</b>	<b>578,673</b>	<b>6,871,772</b>	<b>14,016</b>	<b>7,007,617</b>
<b>Assets limited as to use</b>								
Investments - Board designated	-	-	-	-	-	-	-	30,160,952
By donors - permanently restricted	-	-	-	-	-	-	-	947,465
Beneficial interest in perpetual trust funds	-	-	-	-	-	361,231	-	361,231
<b>Total assets limited as to use</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361,231</b>	<b>-</b>	<b>31,469,648</b>
<b>Marketable equity securities</b>								
Property and equipment, net	265,256	4,405	-	-	269,661	9,343,311	-	2,966,710
Interest in Foundation assets	-	-	-	-	-	34,013,808	-	9,612,972
Other assets	11,202	-	3,510	-	14,712	507,426	-	-
<b>Total assets</b>	<b>\$ 526,299</b>	<b>\$ 488,149</b>	<b>\$ 486,742</b>	<b>\$ (638,144)</b>	<b>\$ 863,046</b>	<b>\$ 51,097,548</b>	<b>\$ 34,089,143</b>	<b>\$ 51,579,085</b>

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidating Schedule – Balance Sheet Information, Continued**  
**June 30, 2014**  
**See Independent Auditors' Report on the Supplementary Information**

Liabilities and Net Assets	Apple Occup. Health Services, Inc.	Outreach Care Group, Inc.	Ellwood City Health Organization, Inc.	Eliminations	Total Ellwood City Health Organization, Inc.	The Ellwood City Hospital	Eliminations	The Ellwood City Hospital Foundation and Subsidiary
<b>Current liabilities</b>	<b>\$</b>	<b>- \$</b>	<b>- \$</b>	<b>- \$</b>	<b>- \$</b>	<b>195,000 \$</b>	<b>- \$</b>	<b>195,000</b>
Current portion of bonds payable	-	-	-	-	-	-	-	-
Current portion of capital leases	-	-	-	-	-	167,665	-	167,665
Accounts payable	4,191	136,872	-	-	141,063	1,022,904	-	1,163,967
Estimated third-party payor settlements	-	-	-	-	-	417,126	-	417,126
Accrued expenses	226,195	111,664	90	-	337,949	2,101,995	3,479	2,443,423
Due to affiliates	178,318	38,121	159,084	(319,057)	56,466	954	(129,276)	-
Total current liabilities	408,704	286,657	159,174	(319,057)	535,478	3,905,644	71,856	4,387,181
Bonds payable, less current portion	-	-	-	-	-	4,470,000	-	4,470,000
Capital leases, less current portion	-	-	-	-	-	495,325	-	495,325
Professional liability IBNR, less current portion	-	-	-	-	-	74,707	-	74,707
Liability for pension benefits	-	-	-	-	-	7,530,649	-	7,530,649
Other liabilities	-	-	-	-	-	302,707	-	302,707
Total liabilities	408,704	286,657	159,174	(319,057)	535,478	16,779,032	(129,276)	17,260,569
<b>Net assets</b>								
Unrestricted	117,595	201,492	327,568	(319,087)	327,568	33,009,820	(33,393,911)	33,009,820
Temporarily restricted	-	-	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	1,308,696	(947,465)	1,308,696
Total net assets	117,595	201,492	327,568	(319,087)	327,568	34,318,516	(34,341,376)	34,318,516
Total liabilities and net assets	\$ 526,299	\$ 488,149	\$ 486,742	\$ (638,144)	\$ 863,046	\$ 51,097,548	\$ (34,470,652)	\$ 51,579,085

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidating Schedule – Statement of Operations Information**  
**Year Ended June 30, 2014**  
**See Independent Auditors' Report on the Supplementary Information**

	Apple Occup. Health Services, Inc.	Outreach Care Group, Inc.	Ellwood City Health Organization, Inc.	Eliminations	Total Ellwood City Health Organization, Inc.	The Ellwood City Hospital	The Ellwood City Hospital Foundation	Eliminations	Total Ellwood City Hospital Foundation and Subsidiary
Unrestricted revenue, gains, and other support									
Net patient service revenue	\$ 514,205	\$ 1,999,113	\$ -	\$ -	\$ 2,513,318	\$ 29,211,668	\$ -	\$ (18,022)	\$ 31,706,964
Provision for bad debts	-	421,179	-	-	421,179	921,266	-	-	1,342,445
Net patient service revenue less provision for bad debts	514,205	1,577,934	-	-	2,092,139	28,290,402	-	(18,022)	30,364,519
Other revenue	31,654	-	-	(507)	31,147	1,773,254	-	(476,820)	1,327,581
Total revenue	545,859	1,577,934	-	(507)	2,123,286	30,063,656	-	(494,842)	31,692,100
Expenses:									
Salaries and wages	231,299	523,313	-	-	754,612	15,866,250	-	-	16,620,862
Employee benefits	31,182	36,049	-	-	67,231	3,689,486	-	-	3,756,717
Physician and contract services	58	1,528,518	-	-	1,528,576	3,325,099	-	(392)	4,853,283
Medical and surgical supplies	2,405	3,215	-	-	5,620	3,420,387	-	-	3,426,007
Pharmacy supplies	-	235	-	-	235	620,620	-	-	620,855
Depreciation and amortization	72,441	1,052	-	-	73,493	1,550,150	-	-	1,623,643
Other	288,515	548,574	6,207	(507)	842,789	4,576,477	2,134,817	(2,441,047)	5,113,036
Total expenses	625,900	2,640,956	6,207	(507)	3,272,556	33,048,469	2,134,817	(2,441,439)	36,014,403
Operating (loss)	(80,041)	(1,063,022)	(6,207)	-	(1,149,270)	(2,984,813)	(2,134,817)	1,946,597	(4,322,303)

**The Ellwood City Hospital Foundation and Subsidiary**  
**Consolidating Schedule – Statement of Operations Information, Continued**  
**Year Ended June 30, 2014**  
**See Independent Auditors' Report on the Supplementary Information**

	Apple Occup. Health Services, Inc.	Outreach Care Group, Inc.	Ellwood City Health Organization, Inc.	Eliminations	Total Ellwood City Health Organization, Inc.	The Ellwood City Hospital	The Ellwood City Hospital Foundation	Eliminations	Total Ellwood City Hospital Foundation and Subsidiary
Non-operating income.									
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,091	\$ 103,600	\$ -	\$ 188,691
Contribution revenue	-	-	-	-	-	2,000,000	-	(2,000,000)	-
Investment income	-	-	-	-	-	18,604	4,748,186	-	4,766,790
Total non-operating income	-	-	-	-	-	2,103,695	4,851,786	(2,000,000)	4,955,481
Excess (deficiency) of revenue over expenses from continuing operations	(80,041)	(1,063,022)	(6,207)	-	(1,149,270)	(881,118)	2,716,969	(53,403)	633,178
Discontinued operations									
Excess (deficiency) of revenue over expenses from operations of discontinued subsidiary division	(46,367)	-	-	-	(46,367)	-	53,403	-	7,036
Net gain from sale of subsidiary division	346,247	-	-	-	346,247	-	-	-	346,247
Net assets released from restrictions	-	-	-	-	-	-	8,333	-	8,333
Change in unrestricted net assets before additional minimum pension liability	219,839	(1,063,022)	(6,207)	-	(849,390)	(881,118)	2,778,705	(53,403)	994,794
Change in liability for pension benefits	-	-	-	-	-	(426,532)	-	-	(426,532)
Change in unrestricted net assets	\$ 219,839	\$ (1,063,022)	\$ (6,207)	\$ -	\$ (849,390)	\$ (1,307,650)	\$ 2,778,705	\$ (53,403)	\$ 568,262

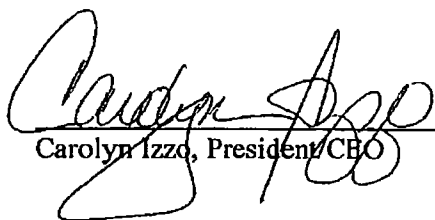


**The Ellwood City Hospital Foundation and Subsidiary**  
**Certification of Officers**  
**June 30, 2014 and 2013**

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We hereby certify that we have examined the accompanying consolidated financial statements and supplemental schedules of The Ellwood City Hospital Foundation and Subsidiary and, to the best of our knowledge and belief, the same are complete and accurate.

Officers

 \_\_\_\_\_  
Carolyn Izzo, President/CEO                      December 4, 2014  
Date

 \_\_\_\_\_  
Christopher M. Little, Vice President/CFO                      December 4, 2014  
Date