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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

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

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

C Name of organization
Beebe Medical Center Inc

Doing Business As
BEEBE HEALTHCARE INC

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

City or town, state or province, country, and ZIP or foreign postal code
Lewes, DE 19958

D Employer identification number
51-0067938

E Telephone number
(302) 645-3300

G Gross receipts $ 346,575,051

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ HTTP //WWW BEEBEMED ORG

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

L Year of formation 1916

M State of legal domicile DE

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	22
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,056
6	Total number of volunteers (estimate if necessary)	**6**	593
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	2,076,370	2,534,231
9	Program service revenue (Part VIII, line 2g)	269,143,220	293,227,943
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	155,144	2,867,485
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,126,161	9,068,620
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	275,500,895	307,698,279
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	511,726	572,895
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	132,494,292	139,808,007
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	126,201,045	138,984,651
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	259,207,063	279,365,553
19	Revenue less expenses Subtract line 18 from line 12	16,293,832	28,332,726

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	289,905,643	310,938,592
21	Total liabilities (Part X, line 26)	161,343,039	173,575,550
22	Net assets or fund balances Subtract line 21 from line 20	128,562,604	137,363,042

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2015-05-13 Date

▶ Paul J Pernice CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
eric m mcneil director		2015-05-12		P00460263

Firm's name ▶ PricewaterhouseCoopers LLP — Firm's EIN ▶

Firm's address ▶ 2001 MARKET ST SUITE 1700
PHILADELPHIA, PA 19103

Phone no (302) 645-3300

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 234,379,873 including grants of $ 572,895) (Revenue $ 289,536,098)

General Medical Surgical patient care Beebe Medical Center experienced 9,978 discharges in 2014 resulting in 40,902 patient days of which 6,216 discharges and 27,939 patient days were covered under the Medicare program The Medicaid program covered 1,370 discharges and 5,150 patient days Additional volumes achieved in 2014 include 45,596 emergency visits, 13,545 operating room cases of which 140 were open heart surgeries, 2,052 cardiac catheterization procedures, and 111,151 outpatient imaging procedures Total self-pay inpatient days were 889 and self-pay discharges were 258 in 2014

4b (Code) (Expenses $ 3,612,895 including grants of $) (Revenue $ 3,691,845)

Beebe Home Health (BHHA) program covers Eastern Sussex County In 2014 BHHA admitted 2,105 new patients and had an active caseload of 3,873 patients There were a total of 28,490 visits during the year

4c (Code) (Expenses $ 1,572,138 including grants of $) (Revenue $ 346,344)

Beebe School of Nursing (BSON) changed its name to the Maragret D Rollins School of Nursing The school continues to be fully certified BSON had 54 students enrolled as freshmen and 54 students enrolled in their second year

(Code) (Expenses $ 234,489 including grants of $ 0) (Revenue $ 0)

Delmarva Health Network, llc

(Code) (Expenses $ 677,502 including grants of $ 0) (Revenue $ 86,814)

community outreach

(Code) (Expenses $ 537,874 including grants of $ 0) (Revenue $ 130,460)

adult day care - gull house

4d Other program services (Describe in Schedule O)

(Expenses $ 1,449,865 including grants of $ 0) (Revenue $ 293,791,551)

4e **Total program service expenses** ▶ 241,014,771

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	175		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,056		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	22		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**		No
6	Did the organization have members or stockholders?			**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following					
a	The governing body?			**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?			**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*			**9**		No

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

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

Section C. Disclosure

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

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

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

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

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

▶MARCIA RIGSBY 4310 SAVANNAH ROAD
LEWES, DE 19958 (302) 645-3460

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								6,014,197	0	525,006

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 ▶ 139

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MCKESSON TECHNOLOGIES, PO BOX 98347 CHICAGO IL 60693	IS CONSULTING	1,861,261
DELAWARE ANESTHESIA ASSOCIATES, 424 SAVANNAH ROAD LEWES DE 19958	Anesthesia Services	2,469,527
KB Coldiron Inc, PO Box 297 FRANKFORD DE 19945	Construction Mgmt	1,648,065
PREMIER INC, 5882 Collections Center Drive CHICAGO IL 60693	Material Mgmt Con	1,437,882
Coker Consulting LLC, 2400 Lakeview Parkway 400 Ste 310 ALPHARETTA GA 30009	Business Consulting	1,396,669

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 64

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	1,482,309			
	e	Government grants (contributions)	1e	1,051,921			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		2,534,231			
Program Service Revenue			Business Code				
	2a	GENERAL MEDICAL SURGICAL	900099	289,536,098	289,536,098		
	b	HOME HEALTH	621610	3,691,845	3,691,845		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		293,227,943			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,368,541			1,368,541
	4	Income from investment of tax-exempt bond proceeds . . ▶		-6,427			-6,427
	5	Royalties . . . . . ▶		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	382,971				
	b	Less rental expenses					
	c	Rental income or (loss)	382,971 / 0				
	d	Net rental income or (loss) . . . . . ▶		382,971			382,971
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	40,355,548 / 26,595				
	b	Less cost or other basis and sales expenses	38,572,346 / 304,426				
	c	Gain or (loss)	1,783,202 / -277,831				
	d	Net gain or (loss) . . . . . ▶		1,505,371			1,505,371
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	900099	1,018,085			1,018,085
	b	PREMIER DISTRIBUTION	900099	1,406,742			1,406,742
	c	NMH MED ONCOL REIMBURSEMENT	900099	1,257,178			1,257,178
	d	All other revenue		5,003,644	563,608		4,440,036
	e	**Total.** Add lines 11a–11d . . . . . ▶		8,685,649			
	12	**Total revenue.** See Instructions . . . . . ▶		307,698,279	293,791,551		11,372,497

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	572,895	572,895		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	7,335,436	2,913,517	4,421,919	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	241,865		241,865	0
7 Other salaries and wages	96,678,198	88,752,928	7,925,270	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,424,503	3,983,135	441,368	0
9 Other employee benefits	23,918,354	21,534,491	2,383,863	0
10 Payroll taxes	7,209,651	6,400,722	808,929	0
11 Fees for services (non-employees)				
a Management	0			0
b Legal	514,365	13,287	501,078	0
c Accounting	248,017		248,017	0
d Lobbying	0			0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	310,452		310,452	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	19,191,978	15,173,713	4,018,265	0
12 Advertising and promotion	1,397,075	35,702	1,361,373	0
13 Office expenses	69,905,757	68,691,352	1,214,405	0
14 Information technology	9,735,465	1,609,104	8,126,361	0
15 Royalties . .	0			0
16 Occupancy	6,462,910	6,258,012	204,898	0
17 Travel	242,752	230,102	12,650	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			0
19 Conferences, conventions, and meetings	842,837	364,040	478,797	
20 Interest	2,017,949	2,010,529	7,420	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	17,153,848	13,079,568	4,074,280	
23 Insurance	2,564,456	2,564,456		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a RECRUITING	603,172	611	602,561	
b MAINTENANCE	6,504,212	6,081,410	422,802	
c DUES	624,062	190,047	434,015	
d LICENSE AND FEES	247,044	237,585	9,459	
e All other expenses	418,300	317,565	100,735	
25 **Total functional expenses.** Add lines 1 through 24e	279,365,553	241,014,771	38,350,782	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		28,516,229	2	26,271,300
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		34,218,105	4	36,362,351
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		7,050,756	8	6,135,432
	9	Prepaid expenses and deferred charges		3,997,586	9	2,737,644
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 316,801,162			
	b	Less accumulated depreciation	10b 178,796,990	120,645,015	10c	138,004,172
	11	Investments—publicly traded securities		66,632,369	11	70,663,040
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		3,104,085	14	3,104,085
	15	Other assets See Part IV, line 11		25,741,498	15	27,660,568
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		289,905,643	16	310,938,592
Liabilities	17	Accounts payable and accrued expenses		50,522,052	17	57,188,801
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		50,400,000	20	47,327,347
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		60,420,987	25	69,059,402
	26	**Total liabilities.** Add lines 17 through 25		161,343,039	26	173,575,550
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		115,551,357	27	122,961,168
	28	Temporarily restricted net assets		11,474,604	28	12,745,726
	29	Permanently restricted net assets		1,536,643	29	1,656,098
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		128,562,604	33	137,363,042
	34	Total liabilities and net assets/fund balances		289,905,643	34	310,938,592

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	307,698,279
2	Total expenses (must equal Part IX, column (A), line 25)	2	279,365,553
3	Revenue less expenses Subtract line 2 from line 1	3	28,332,726
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	128,562,604
5	Net unrealized gains (losses) on investments	5	3,819,973
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-23,352,261
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	137,363,042

Part XII Financial Statements and Reporting

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

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

Additional Data

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JEFFREY FRIED PRESIDENT & CEO	40 0 2 0	X		X				590,418	0	54,815
ROBERT J WHITE DIRECTOR	2 0 0 0	X						0	0	0
JAMES P MARVEL JR MD DIRECTOR	2 0 0 0	X						0	0	0
JANET B MCCARTY DIRECTOR	2 0 0 0	X		X				0	0	0
PAUL H MYLANDER DIRECTOR	2 0 0 0	X		X				0	0	0
JAMES D BARR DIRECTOR	2 0 0 0	X						0	0	0
STEPHEN D BERLIN MD DIRECTOR	2 0 0 0	X						0	0	0
WILLIAM L BERRY DIRECTOR	2 0 0 0	X						0	0	0
WILLIAM SWAIN LEE CHAIRPERSON	2 0 0 0	X		X				0	0	0
JOSEPH W BOOTH DIRECTOR	2 0 0 0	X						0	0	0
THOMAS L KING DIRECTOR	2 0 0 0	X						0	0	0
STEPHEN M FANTO MD DIRECTOR	2 0 0 0	X						0	0	0
ROBERT H MOORE DIRECTOR	2 0 0 0	X						0	0	0
ESTHELDA R PARKER-SHELBY DIRECTOR	2 0 0 0	X						0	0	0
MICHAEL L WILGUS DIRECTOR	2 0 0 0	X						0	0	0
PAUL T COWAN JR DO TREASURER	2 0 0 0	X						0	0	0
PATRICIA SHREEVE DIRECTOR	2 0 0 0	X						0	0	0
JACQUELYN O WILSON EDD VICE CHAIR	2 0 0 0	X						0	0	0
PAUL PEET MD DIRECTOR	15 0 0 0	X						96,302	0	0
J KIRKLAND BEEBE MD TRUSTEE	2 0 0 0	X						0	0	0
DAVID A HERBERT TRUSTEE	2 0 0 0	X						0	0	0
ANIS K SALLBA MD DIRECTOR	2 0 0 0	X						0	0	0
Paul J Pernice Vice President CFO	40 0 4 0			X				354,164	0	30,004
DONNA STRELETZKY VP OPERATIONS to 10/13	40 0 0 0				X			206,196	0	28,089
PAUL MINNICK VP OPERATIONS	40 0 0 0				X			360,260	0	39,501

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ALEX SYDNOR VP CORPORATE AFFAIRS	40 0 18 0				X			183,360	0	48,311
CATHERINE HALEN VP HUMAN RESOURCES	40 0 0 0				X			207,196	0	42,891
Jeffrey Hawtof MD VP of Medical Staff	40 0 0 0				X			374,313	0	40,736
AASIM SEHBAI MD PHYSICIAN	40 0 0 0					X		816,239	0	42,309
SRIHARI PERI MD PHYSICIAN	40 0 0 0					X		810,560	0	79,245
NOUMAN ASIF MD PHYSICIAN	40 0					X		649,823	0	26,611
MUHAMMAD ARIF MD PHYSICIAN	40 0 0 0					X		621,497	0	27,221
BRUCE LESHINE VP CORPORATE COUNSEL	40 0 0 0					X		37,435	0	1,786
MUHAMMAD SIDDIQUE MD PHYSICIAN	40 0 0 0					X		524,034	0	22,392
Barbara Vugrinec FORMER VP INFORMATION SYSTEM	0 0 0 0						X	182,400	0	41,095

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

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

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Supplemental Information	THE PRESIDENT and the VP of Corporate Affairs of Beebe Medical Center Have QUARTERLY BREAKFAST MEETINGS WITH STATE AND LOCAL POLITICIANS

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	56,777,269	39,514,450	39,348,689	36,498,710	61,285,071
b	Contributions		17,443,416		1,401,000	4,000,000
c	Net investment earnings, gains, and losses	6,465,434	88,520	416,423	1,917,505	9,572,221
d	Grants or scholarships					
e	Other expenditures for facilities and programs	6,001	5,108	547	264,704	37,995,956
f	Administrative expenses	310,452	264,009	249,915	203,822	362,626
g	End of year balance	62,926,250	56,777,269	39,514,650	39,348,689	36,498,710

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		10,670,646		10,670,646
b Buildings		139,757,147	76,187,970	63,569,177
c Leasehold improvements		3,005,061	817,775	2,187,286
d Equipment		154,097,460	101,791,245	52,306,215
e Other		9,270,848		9,270,848
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				138,004,172

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

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

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

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

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

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	27,660,568

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	69,059,402

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

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

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

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

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

Part XIII **Supplemental Information**

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

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

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

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

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

(a) Description	**(b)** Book value
(1) DEFERRED FINANCING COSTS	505,469
(2) EQUITY IN BEEBE PHYS NETWORK	565,178
(3) INT IN FDN UNRESTR NET ASSETS	5,889,229
(4) INT IN FDN RESTRICT NET ASSETS	13,389,604
(5) TEMPORARILY RESTRICTED FUNDS	639,417
(6) PERMANENTLY RESTRICTED FUNDS	349,945
(7) WORK COMP & MALP INSURANCE	3,468,301
(8) LAND HELD FOR FUTURE SALE	1,838,339
(9) IVEST IN BHB	493,480
(10) SUN HEALTH	492,426
(11) DUE FROM FOUNDATION	29,180

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

1 **(a)** Description of Liability	**(b)** Book Value
ACC POST RETIREMENT BENEFIT	31,377,226
DEFERRED COMPENSATION OBLIG	341,103
CAPITAL LEASE OBLIGATIONS NET	4,542,055
ACCRUED PENSION LIABILITY	19,290,154
ACCRUED MEDICAL MALPRACTICE LIABILITY	3,016,832
ACC WORKERS COMP LIABILITY	5,234,073
ASBESTOS REMOVAL OBLIGATION	3,304,288
SETTLEMENT LIABILITY	1,300,000
UNAMORTIZED BOND PREMIUM	306,408
ST JUDE OBLIGATION	149,092
OTHER	198,171

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			18,685,263	11,958,536	6,726,677	2 410 %
b Medicaid (from Worksheet 3, column a)			32,820,005	33,748,794	-928,739	
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			51,505,268	45,707,330	5,797,938	2 410 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,806,334	697,664	2,108,670	0 760 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			19,594,540	4,000,000	15,594,540	5 590 %
h Research (from Worksheet 7)			213,215	34,284	178,931	0 060 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			157,900		157,900	0 060 %
j **Total.** Other Benefits			22,771,989	4,731,948	18,040,041	6 470 %
k **Total.** Add lines 7d and 7j			74,277,257	50,439,278	23,837,979	8 880 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members			97,143		97,143	0 030 %
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development			3,210,509		3,210,509	1 150 %
9 Other						
10 **Total**			3,307,652		3,307,652	1 180 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 6,809,470			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	126,392,517
6	Enter Medicare allowable costs of care relating to payments on line 5	6	165,659,181
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-39,266,664
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 Beebe Healthy Back	Chronic Back/Neck Pain Ther	50 000 %	0 %	0 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group BEEBE MEDICAL CENTER

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

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

Part V Facility Information *(continued)*

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

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **12**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

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

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

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

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

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

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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
PART III, LINE 4	

Additional Data

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

990 Schedule H, Supplemental Information

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

Form and Line Reference	Explanation
PART V B, LINE 3	

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

> **Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

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

_____

Name and address	Type of Facility (describe)
GEORGETOWN IMAGINGLAB 21635 BIDEN AVENUE GEORGETOWN,DE 19947	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BEEBE LAB EXPRESS 32060 LONG NECK ROAD MILLSBORO,DE 19966	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
MILLSBORO LABREHAB 28538 DuPont Boulevard MILLSBORO,DE 19966	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
MILLVILLE IMAGINGLABrehab 32566 Docs Place MILLVILLE,DE 19967	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
MILTON IMAGINGLAB 614 MULBERRY STREET MILTON,DE 19968	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BOOKHAMMER OUTPATIENT SERVICE CENTER 18941 JOHN J WILLIAMS HIGHWAY REHOBOTH BEACH,DE 19971	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
TUNNELL CANCER CENTER 18947 JOHN J WILLIAMS HIGHWAY REHOBOTH BEACH,DE 19971	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BEEBE HOME HEALTH 20232 ENNIS ROAD GEORGETOWN,DE 19947	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
BEEBE SCHOOL OF NURSING 420 MARKET STREET LEWES,DE 19958	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
GULL HOUSE 38149 TERRACE ROAD REHOBOTH BEACH,DE 19971	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
Bayview Medical 33633 Savannah Road Lewes,DE 19958	IMAGING CENTER, LAB DRAWS Rehabilitation therapy
DELAWARE SLEEP DISORDER CENTER 200 HYGEIA DRIVE 2300 NEWARK,DE 19713	IMAGING CENTER, LAB DRAWS Rehabilitation therapy

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) BEEBE MEDICAL FOUNDATION 902 SAVANNAH ROAD LEWES,DE 19958	51-0319455	501(c)(3)	572,895		fmv		GENERAL SUPPORT

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

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

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

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

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

Return Reference	Explanation
SCHEDULE I, PART I, LINE 2	The Medical Center only makes grants to its related, tax-exempt foundation, Beebe Medical Foundation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, PAGE I, LINE 4A	Donna Streletsky received $35,385 in Severence pay BARBARA VUGRINEC RECEIVED $182,400 IN SEVERANCE PAY SCHEDULE J, PAGE I, LINE 4B Voluntary participation is open to all Executive staff members or employed physicians who are designated by the Committee of the Board of Directors Participants elect to reduce the amount of compensation which would otherwise be earned and payable in the following plan year in whole dollar amounts or in 1% increments up to 100% to be deposited into a trust account Participants become vested at the time specified in their deferral election Title to the trust remains with Beebe Medical Center until requirements are fulfilled SCHEDULE J, PART I, LINE 7 Executives and management team members are eligible for bonuses if they meet specific organizational objectives including quality and safety issues, patient satisfaction scores, and certain financial goals For Vice presidents, 60% of their eligible incentive is based upon organization - wide goals and 40% is based upon individual goals For the CEO, 100% of the eligible incentive is based upon organization - wide or team goals Certain physicians are eligible for an incentive based on the physician's individual practice number of worked RVU's

Additional Data

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JEFFREY FRIED PRESIDENT & CEO	(I) (II)	500,829 0	0 0	89,589 0	23,000 0	31,815 0	645,233 0	0 0
DONNA STRELETZKY VP OPERATIONS to 10/13	(I) (II)	141,031 0	0 0	65,165 0	14,283 0	13,806 0	234,285 0	0 0
PAUL MINNICK VP OPERATIONS	(I) (II)	309,614 0	0 0	50,646 0	26,063 0	13,438 0	399,761 0	0 0
ALEX SYDNOR VP CORPORATE AFFAIRS	(I) (II)	177,868 0	0 0	5,492 0	22,022 0	26,289 0	231,671 0	0 0
AASIM SEHBAI MD PHYSICIAN	(I) (II)	396,685 0	403,675 0	15,879 0	15,500 0	26,809 0	858,548 0	0 0
SRIHARI PERI MD PHYSICIAN	(I) (II)	496,101 0	282,750 0	31,709 0	22,500 0	56,745 0	889,805 0	0 0
NOUMAN ASIF MD PHYSICIAN	(I) (II)	396,504 0	252,825 0	494 0	0 0	26,611 0	676,434 0	0 0
CATHERINE HALEN VP HUMAN RESOURCES	(I) (II)	180,928 0	0 0	26,268 0	18,087 0	24,804 0	250,087 0	0 0
MUHAMMAD ARIF MD PHYSICIAN	(I) (II)	406,521 0	214,150 0	826 0	0 0	27,221 0	648,718 0	0 0
Paul J Pernice Vice President CFO	(I) (II)	285,154 0	0 0	69,010 0	23,000 0	7,004 0	384,168 0	0 0
Jeffrey Hawtof MD VP of Medical Staff	(I) (II)	327,443 0	0 0	46,870 0	17,611 0	23,125 0	415,049 0	0 0
MUHAMMAD SIDDIQUE MD PHYSICIAN	(I) (II)	406,411 0	117,075 0	548 0	631 0	21,761 0	546,426 0	0 0
Barbara Vugrinec FORMER VP INFORMATION SYSTEM	(I) (II)	0 0	0 0	182,400 0	18,500 0	22,595 0	223,495 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	DELAWARE HEALTH FACILITIES AUTH SERIES 2005	51-0272458	246388nu2	09-01-2005	24,127,494	FINANCE PORTION OF COST OF EXPANSI		X		X		X
B	DELAWARE HEALTH FACILITIES AUTH SERIES 2014a	51-0272458		06-01-2014	19,107,347	REFUND DHFA SERIES 2002A BONDS		X		X		X
C	Delaware Health Facilities Auth Series 2014B	51-0272458		06-01-2014	9,670,000	REFUND DHFA SERIES 2004a BONDS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	5,577,494	0	0	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	25,711,756	19,107,347	9,670,000	
4	Gross proceeds in reserve funds	1,709,004	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrows	0	0	0	
7	Issuance costs from proceeds	160,663	251,018	0	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	24,002,576	3,009,810	0	
11	Other spent proceeds	0	15,755,000	9,670,000	
12	Other unspent proceeds	0	91,519	0	
13	Year of substantial completion	2010	2015	2014	

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X			X	X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X					
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X					
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X		X					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 960 %		0 %		0 %		
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶				0 %				
6	Total of lines 4 and 5		0 960 %		0 %				
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X				
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X					

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?	X			X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
Schedule K, Part I, Line A, Column (F)	DESCRIPTION OF PURPOSE BEEBE MEDICAL CENTER - *MAIN CAMPUS EXPANSION, RENOVATION AND EQUIPMENT *EXPAND EMERGENCY DEPARTMENT FROM 18 TO 36 BEDS AND RENOVATE EXISTING EMEGENCY DEPARTMENT AREA, PLUS EQUIPMENT *RELOCATE AND EXPAND (FROM 12 TO 20 BEDS) THE CRITICAL CARE UNIT, PLUS EQUIPMENT * ADD A 42-BED MEDICAL SURGICAL UNIT, PLUS EQUIPMENT *RENOVATIONS TO ADD DUAL-CAPABLE ANGIOGRAPHY SUITE AND RENOVATIONS TO THE CARDIAC REHAB SUITE, PLUS EQUIPMENT BEEBE HEALTH CAMPUS - EXPANSION AND EQUIPMENT *CONSTRUCTION AND EQUIPPING OF A RADIATION ONCOLOGY CENTER *CONSTRUCTION AND EQUIPPING A MEDICAL ONCOLOGY FACILITY

Return Reference	Explanation
Schedule K, Part I, Line B, Column (F)	DESCRIPTION OF PURPOSE REFUNDING BOND ISSUE TO FINANCE CURRENT REFUNDING OF THE DELAWARE HEALTH FACILITIES AUTHORITY'S $18,000,000 REVENUE BONDS, BEEBE MEDICAL CENTER PROJECT SERIES 2002 OF WHICH $16,125,000 WERE OUTSTANDING AS OF JUNE 1, 2014 *2014A BONDS WERE ALSO ISSUED TO FINANCE $15,000,000 IN CAPITAL EQUIPMENT EXPENDITURES

Return Reference	Explanation
Schedule K, Part I, Line C, Column (F)	DESCRIPTION OF PURPOSE REFUNDING BOND ISSUE TO FINANCE CURRENT REFUNDING OF THE DELAWARE HEALTH FACILITIES AUTHORITY'S $29,455,000 REVENUE BONDS, BEEBE MEDICAL CENTER PROJECT SERIES 2004a OF WHICH $14,970,000 WERE OUTSTANDING AS OF JUNE 1, 2014

Return Reference	Explanation
Schedule K, Part II, Line 3, Column (A)	The difference between total proceeds and the issue price reported in Part I is investment proceeds

Return Reference	Explanation
Schedule K, Part IV, Line 2, Column (B)	For the 2005a bonds, the rebate calculation was performed on June 1, 2013

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	2,325,052	ANESTHESIA SERVICES		No
(2) SALIBA FAMILY LLC	SEE PART V	220,005	SEE PART V		No
(3) SUSSEX EMERGENCY ASSOCIATES	SEE PART V	240,307	SEE PART V		No
(4) DELAWARE ANESTHESIA ASSOCIATES	SEE PART V	1,307,678	BMC REIMBURSED FOR EMPLOYEEs		No
(5) CAPE ORTHOPEDICS	SEE PART V	149,346	SEE PART V		No

Part V Supplemental Information

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

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

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

990 Schedule O, Supplemental Information

Return Reference	Explanation
SUPPLEMENTAL INFORMATION	

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Beebe Medical Center Inc

Employer identification number
51-0067938

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) SOUTHERN DELAWARE SURGERY CENTER 18941 JOHN J WILLIAMS HIGHWAY REHOBETH, DE 19971 57-1188197	O/P SURGERY	DE	0	0	BEEBE MED CT
(2) delmarva health network llc 424 savannah road lewes, DE 19958 46-2829886	aco	DE	0	475,176	beebe med ct

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

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

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

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

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) beebe medical foundation	c	1,482,309	FMV
(2) beebe physician network inc	r	12,825,000	FMV
(3) BEEBE MEDICAL FOUNDATION	B	572,895	FMV
(4) BEEBE PHYSICIAN NETWORK INC	I	32,695,886	FMV
(5) beebe physician network inc	J	148,185	fmv

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation
SCHEDULE R, PART I	IDENTIFICATION OF DISREGARDED ENTITIES SOUTHERN DELAWARE SURGERY CENTER WAS INACTIVE DURING THE YEARS ENDED JUNE 30, 2012, JUNE 30, 2013, AND JUNE 30, 2014

Beebe Medical Center, Inc.

Consolidated Financial Statements and Supplemental Schedules
June 30, 2014 and 2013

Beebe Medical Center, Inc.
Index
June 30, 2014 and 2013

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Beebe Medical Center, Inc. (the "Company"), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and change in net assets and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

pwc

Other Matter

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

PricewaterhouseCoopers LLP

November 20, 2014

Beebe Medical Center, Inc.
Consolidated Balance Sheets
June 30, 2014 and 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 26,568,820	$ 29,732,167
Patient accounts receivable, net of estimated uncollectables of $10,174,000 in 2014 and $9,861,000 in 2013	37,251,945	35,143,424
Prepaid expenses and other current assets	8,884,299	11,028,935
Total current assets	72,705,064	75,904,526
Assets limited as to use		
Board designated funds	67,783,452	61,172,402
Other board designated assets	1,838,339	1,838,339
Restricted under bond agreements		
Project Fund	75,846	-
Debt service reserve fund	1,724,744	4,863,619
Collateral funds	6,925,562	6,356,036
Donor restricted funds	13,214,046	11,575,375
Donor restricted pledges receivable, net	198,466	101,317
Total assets limited as to use	91,760,455	85,907,088
Property and equipment, net	140,393,122	120,982,451
Beneficial interest in perpetual trusts, net	349,945	320,488
Assets held in charitable remainder trusts, net	639,417	1,014,067
Investments in and amounts due from un-consolidated affiliates	985,906	-
Other assets	7,122,820	8,222,872
Total assets	$ 313,956,729	$ 292,351,492
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 47,467,999	$ 39,385,714
Estimated third-party payor settlements	12,736,728	14,343,136
Current portion of long-term debt	4,645,538	3,704,168
Total current liabilities	64,850,265	57,433,018
Accrued pension and post-retirement benefit cost	50,667,380	45,100,342
Other liabilities	13,852,178	13,408,811
Obligations under capital leases, less current portion	3,281,517	801,717
Long-term debt, less current portion	43,942,347	47,045,000
Total liabilities	176,593,687	163,788,888
Net assets		
Unrestricted	122,961,168	115,551,357
Temporarily restricted	12,745,776	11,474,604
Permanently restricted	1,656,098	1,536,643
Total net assets	137,363,042	128,562,604
Total liabilities and net assets	$ 313,956,729	$ 292,351,492

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted net assets		
Unrestricted revenues and other support		
Net patient service revenue before bad debt	$ 311,803,321	$ 290,100,299
Provision for bad debt	(7,173,467)	(11,170,685)
Net patient service revenue less provision for bad debt	304,629,854	278,929,614
Other revenues	10,689,405	5,275,696
Net assets released from restrictions used for operations	97,569	50,397
Total unrestricted revenues and other support	315,416,828	284,255,707
Expenses		
Salaries and benefits, physician fees, and contract labor	179,312,521	162,155,526
Medical, surgical, and patient-related supplies and services	63,503,368	58,594,335
Repairs, maintenance and utilities	12,695,426	12,177,391
Insurance	2,919,404	2,750,238
Depreciation and amortization	17,371,523	15,641,406
Interest	2,010,529	2,114,191
Other	32,838,424	27,448,715
Total expenses	310,651,195	280,881,802
Income from operations	4,765,633	3,373,905
Nonoperating gains (losses)		
Contributions	300,962	173,025
Investment income and net realized gains	2,994,951	157,930
Other expense-charitable remainder trust	(121,659)	-
Equity in unconsolidated affiliate	(76,195)	-
Equity in unaffiliated partnerships	(238,834)	273,860
Loss on redemption of bonds	(203,787)	-
Total nonoperating gains	2,655,438	604,815
Excess of revenues and gains over expenses	7,421,071	3,978,720
Other changes in unrestricted net assets		
Net assets released from restrictions used for fixed asset purchases	1,121,714	646,872
Reclassification of endowment income FAS117-1 underwater	(414,957)	-
Unrealized gains on investments	4,461,080	17,173
Change in benefit plans liability	(5,326,427)	18,880,248
Transfer from/(to) temporarily restricted net assets	147,340	(335,010)
Other changes	(10)	(78,010)
Increase in unrestricted net assets	7,409,811	23,109,993

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

Beebe Medical Center, Inc.
Consolidated Statements of Operations and Changes in Net Assets, (continued)
Years Ended June 30, 2014 and 2013

	2014	2013
Temporarily restricted net assets		
Contributions	1,960,563	1,247,754
Event Expenses	(242,990)	(243,102)
Fundraising Expenses	(233,091)	(213,580)
Change in value of remainder trusts	45,350	50,603
Reclassification of endowment income FAS117-1 underwater	414,957	-
Net investment income and realized and unrealized gains on investments	766,790	362,946
Net assets released from restrictions used for fixed asset purchases	(1,121,714)	(646,872)
Net assets released from restrictions used for operations	(97,569)	(50,397)
Net assets released from restrictions used for other	(99,721)	(84,784)
Transfer (to)/from unrestricted net assets	(147,340)	335,010
Other changes	10	78,010
Refund of equipment purchased	30,000	-
Re-class of payable FY05 to temporarily restricted net assets	6,000	-
Transfer to permanently restricted net assets	(10,073)	(50,150)
Increase in temporarily restricted net assets	1,271,172	785,438
Permanently restricted net assets		
Contributions	56,240	82,099
Change in value of beneficial interest in perpetual trust	29,457	12,012
Net realized and unrealized gains on investments	23,685	13,428
Transfer from temporarily restricted net assets	10,073	50,150
Increase in permanently restricted net assets	119,455	157,689
Increase in net assets	8,800,438	24,053,120
Net assets		
Beginning of year	128,562,604	104,509,484
End of year	$ 137,363,042	$ 128,562,604

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

Beebe Medical Center, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Increase in net assets	$ 8,800,438	$ 24,053,120
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in benefit plans liability	5,326,427	(18,880,248)
Depreciation and amortization	17,371,523	15,641,406
Restricted contributions	(1,540,722)	(873,171)
Increase in values of remainder trusts and beneficial interest in perpetual trust	(74,807)	(62,615)
Provision for bad debts	7,173,467	11,170,685
Loss on disposition of fixed assets	304,426	64,376
Equity (loss) gain in unconsolidated affiliates	13,881	(273,860)
Net realized, unrealized gains, and other than temporary impairment losses on investments	(8,246,506)	(551,477)
Loss on redemption of bonds	203,787	-
Loss on disposition of charitable remainder trust	120,324	-
Changes in operating assets and liabilities		
Patients accounts receivable	(9,281,988)	(13,374,680)
Prepaid expenses and other current assets	2,144,636	14,336
Accounts payable and other accrued expenses	464,238	6,403,813
Insurance proceeds received	-	26,000,000
Insurance settlements paid	(100,000)	(40,703,458)
Estimated third-party payor settlements	(1,606,408)	3,274,686
Other assets	1,087,372	15,031,461
Net cash provided by operating activities	22,160,088	26,934,374
Cash flows from investing activities		
Purchase of property and equipment	(29,274,088)	(12,250,615)
Proceeds from disposition of charitable remainder trust	299,676	-
Proceeds from sale of fixed assets	26,595	3,040
Capital contribution to consolidated affiliate	(475,176)	
Capital contribution to un-consolidated affiliate	(309,632)	-
Sale of investments and assets limited to use	54,393,127	28,485,420
Purchase of investments and assets limited to use	(53,393,229)	(28,230,636)
Net cash used in investing activities	(28,732,727)	(11,992,791)
Cash flows from financing activities		
Proceeds from restricted contributions	156,812	1,110,282
Proceeds from issuance of long-term debt	3,216,310	-
Payment of long-term debt	(3,355,000)	(3,190,000)
Additions to capital lease obligations	4,257,071	767,550
Payment of capital lease obligations	(865,901)	(1,000,872)
Net cash (used in) provided by financing activities	3,409,292	(2,313,040)
Net increase (decrease) in cash and cash equivalents	(3,163,347)	12,628,543
Cash and cash equivalents		
Beginning of year	29,732,167	17,103,624
End of year	$ 26,568,820	$ 29,732,167

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

Beebe Medical Center, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Noncash transactions		
Insurance proceeds paid directly into trust fund by insurance carriers	$ -	$ 77,796,542
Noncash investing activities		
Property and equipment acquired through accounts payable	$ 6,720,983	$ 1,678,095
Noncash financing activities		
Assets acquired by incurring capital lease obligations	$ 4,257,071	$ 767,550
Redemption of long term debt	$ 28,495,000	$ -
Issuance of long term debt	$ 28,777,347	$ -
Interest paid		
Interest paid, including capitalized lease interest	$ 2,007,000	$ 2,005,000

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

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

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

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

BPN is a not-for-profit tax-exempt corporation that operates a physician network providing integrated physician services in coordination with the Medical Center BPN operates a hospitalist program and fifteen specialty practices, employing 53 physicians as of June 30, 2014

DHN is an accountable-care organization ("ACO") created as a Delaware limited liability company in May 2013 to coordinate patient care and manage chronic diseases to improve patient outcomes and patient experience Though BMC is the sole member there are 38 physicians in eight primary care practices, one additional hospital and one federally qualified health center participating in the ACO As the sole member BMC includes DHN as a consolidated affiliate

Beebe also entered into a partnership with Pure HealthyBack, LLC in October 2013, to form Beebe HealthyBack, LLC ("BHB") BHB was formed to provide a specialized chronic back and neck treatment program in Beebe's service area Beebe owns a 50% interest and has adopted the equity method for recording its interest in BHB as equity in unconsolidated affiliate in the Consolidating Statement of Operations and Changes in Net Assets

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

Subsequent events have been evaluated through November 20, 2014, the date the financial statements were issued

Use of Estimates

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

Cash and Cash Equivalents

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

Inventories
Inventories are valued at cost using the FIFO costing method and represent approximately 9% of Total Current Assets

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

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

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

Capital leases are recognized as an asset and also as a liability for future payments to be made on the leased asset in the month the equipment is put into service The lease is recognized on the Statement of Operations through depreciation expense and interest expense associated with the lease payment as well All of the System's capital leases are on major movable equipment

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

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

Effective fiscal year 2011 goodwill is no longer amortized but instead is subject to periodic impairment evaluations Beebe's most recent impairment assessment was completed as of June 30, 2014, which indicated that there was no impairment with respect to goodwill In performing periodic impairment tests, the fair value of the System is compared to its carrying value, including goodwill If the carrying value exceeds the fair value, an impairment condition exists, which results in an additional fair value review of all assets and an impairment loss would result Impairment tests are required to be conducted at least annually, or when events or conditions occur that might suggest a possible impairment These events or conditions include, but are not limited to, a significant adverse change in business environment, regulatory environment or legal factors, a current period operating or cash flow loss combined with a history of such losses or a projection of continuing losses, or a sale or disposition of a significant portion of a reporting unit

To determine the fair value of its reporting units, the System used a discounted cash flow approach Included in this analysis are assumptions regarding revenue growth, future operating margin estimates, cost of service expense rates and a weighted average cost of capital Beebe also must estimate residual values at the end of the forecast period and future capital expenditure requirements If any of the above assumptions changes or fails to materialize, the resulting decline in Beebe's estimated fair value could result in a material impairment charge to goodwill Goodwill of $3,104,085 is included in Other Assets as of June 30, 2014 and 2013

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

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

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

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

restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions

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

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

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

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

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

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

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

2. Litigation

On December 16, 2008, Dr Earl Bradley, a former privileged physician at Beebe was arrested. He was later convicted of having sexually molested more than eighty-five children Over time, hundreds of lawsuits were filed against Beebe, resulting ultimately in the certification of those claims as a class action on April 6, 2011 Almost immediately following class certification, Beebe, its insurance carriers and class counsel representing all Plaintiffs agreed to participate in joint mediation to determine whether their competing interests could be reconciled and settlement be achieved In October 2012, the parties announced a tentative settlement of all issues, subject to Court approval, which was determined at a fairness hearing on November 13, 2012

The agreed upon settlement required Beebe's insurance carriers to pay a total of $111,796,542 into a fund created on behalf of the Plaintiffs Beebe is also required to contribute an additional

$100,000 a year for the next five (5) years and provide as much as $1,000,000 dollars in free medical care to Bradley victims over the next 15 years

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

Of the total $103,796,542 insurance settlement receivable recorded as of June 30, 2012, $26,000,000 was received by Beebe during fiscal year 2013 and $77,796,542 was paid directly into the trust fund by Beebe's insurance carriers. Beebe paid $40,703,458 into the trust fund, which represents Beebe's contribution of $6,703,458, the $8,000,000 of insurance proceeds received in fiscal year 2012, and the $26,000,000 of insurance proceeds received in fiscal year 2013 These amounts were deposited into the settlement fund on November 5, 2012 The remaining liability of $1,400,000 is primarily recorded in Other Liabilities on the Balance Sheet as of June 30, 2014

3. Charity Care

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

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

The following information measures the level of charity care provided during the years ended June 30, 2014 and 2013

	2014	2013
Estimated costs and expenses incurred to provide charity care	$ 6,752,158	$ 6,111,629

4. Net Patient Service Revenue

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

Medicare and Medicaid
Inpatient acute care services rendered to and defined capital costs related to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient payments are primarily based on a combination of prospectively determined ambulatory payment classifications ("APC's") and fee schedules Nursing education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology subject to certain limitations

The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary The Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through June 30, 2009

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

In the opinion of management, adequate provision has been made for any adjustments that may result from final settlement of Medicare and Medicaid cost reports Net patient service revenue increased approximately $1,623,387 and $1,277,268 in 2014 and 2013, respectively, as a result of favorable adjustments to estimates previously recorded applicable to prior-year third-party cost reports.

Revenues from the Medicare and Medicaid programs accounted for approximately 42% and 11%, respectively, of the System's net patient service revenues from continuing operations for the year ended June 30, 2014, and 39% and 12%, respectively, for the year ended June 30, 2013 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations System management is not aware of any pending or threatened investigations involving allegations of wrongdoing Compliance with such laws and regulations is always subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

Provision for Bad Debt Expense

The provision for bad debt expense is based on management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based on historical write-off experience by payer category, including not covered by insurances, and historical cash collections The result of these reviews are then used to make modifications to the provision of bad debt expense to establish an appropriate allowance for uncollectible accounts and is recorded in the period of service No significant modifications were made for fiscal years 2014 and 2013 After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to terms of certain restrictions on collection efforts as determined by the System Account receivables are written off after collection efforts have been followed in accordance with System policy

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

	2014	2013
Medicare	42 07 %	39 85 %
Medicaid	11 32 %	11 71 %
Commercial	45 18 %	46 64 %
Self Pay Patients	1 43 %	1 80 %
	100 00 %	100 00 %

	Third Party Payors	Self-Pay	Total All Payors
Net Patient Service Revenue	$ 307,355,356	$ 4,447,965	$ 311,803,321

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

5. Other Revenues

Other operating revenue consists mainly of income received from the operation of an employee cafeteria and deli, an adult daycare center, tuition for the school of nursing, property rentals, wellness clinics at local high schools, distributions from group purchasing organizations and interest income on debt service reserve funds During 2014 BMC settled on the McKesson EMR litigation in the amount of $4,152,170 consisting of $1,500,000 in cash and $2,652,170 in accounts payable forgiven

6. Investments

The composition of investments classified as assets limited as to use, including current portion, at June 30, 2014 and 2013, is set forth in the following table Investments are stated at fair value, unless otherwise noted

	2014	2013
Cash and cash equivalents	$ 6,964,064	$ 7,037,430
U S Government obligations	1,053,004	702,520
Domestic and foreign equities	17,494,290	28,384,131
Alternative assets	188,246	824,819
Mutual funds/Exchange Traded Funds ("ETFs")	64,024,046	47,018,532
Total investments classified as assets limited as to use	$ 89,723,650	$ 83,967,432

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

	2014	2013
Assets limited as to use - non current		
Internally designated by Board of Directors	$ 67,363,452	$ 61,172,402
Restricted under bond agreements		
Project Fund	75,846	-
Debt Service Reserve Fund	1,724,744	4,863,619
Collateral funds	6,925,562	6,356,036
Donor restricted funds	13,634,046	11,575,375
Total investments classified as assets limited as to use	$ 89,723,650	$ 83,967,432

The fair value hierarchy of assets limited as to use and investments at June 30, 2014, classified by valuation technique are as follows

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 6,964,064	$ -	$ -	$ 6,964,064
U S government obligations	1,047,983	-	-	1,047,983
Domestic and foreign equities	17,494,290	-	-	17,494,290
Mutual funds/ETFs	64,024,046	-	-	64,024,046
Assets held in charitable remainder trusts, net	-	639,417	-	639,417
Total assets limited as to use and investments	$ 89,530,383	$ 639,417	$ -	$ 90,169,800

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

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

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

	2014	2013
Beginning balance	$ 420,000	$ 420,000
Changes in trust	(420,000)	-
Ending balance	$ -	$ 420,000

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

	2014	2013
Other revenues		
Investment (loss) income	$ (6,427)	$ 6,681
Nonoperating gains (losses)		
Investment income	$ 1,374,111	$ 1,285,823
Net realized gains on sales of investments	1,783,202	2,872
Other than temporary losses on investments	(162,362)	(1,130,765)
	$ 2,994,951	$ 157,930
Other changes in unrestricted net assets		
Net unrealized gains on investments	$ 4,461,080	$ 17,173
Other changes in restricted net assets		
Realized and unrealized gains on investments	$ 790,475	$ 376,374

For fiscal year 2014, total investment sales were $54,393,127 and total investment purchases were $53,393,229

7. Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013 follows

	2014	2013
Property and equipment		
Land	$ 10,670,646	$ 10,670,646
Land improvements	1,608,644	1,246,733
Building and fixed equipment	156,975,526	155,313,580
Moveable equipment	141,289,863	121,785,115
Construction in progress	9,270,848	7,755,685
Total property and equipment	319,815,527	296,771,759
Less Accumulated depreciation	(179,422,405)	(175,789,308)
Property and equipment, net	$ 140,393,122	$ 120,982,451

Fixed and moveable equipment capitalized under leases amounted to $10,179,215 at June 30, 2014 and $5,922,146 at June 30, 2013 Accumulated depreciation on capital leases was $5,846,667 and $4,974,925 at June 30, 2014 and 2013, respectively Depreciation expense for the years ended June 30, 2014 and 2013 was $17,426,614 and $15,636,354, respectively These amounts are net of capitalized interest income

8. Endowments

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

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

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

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

a The duration and preservation of the fund

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

c General economic conditions

d The possible effect of inflation and deflation

e The expected total return from income and appreciation of investments

f Other resources of the organization

g Investment policies of the organization

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

	2014		2013	
	Donor-Restricted Endowment Funds	Board Designated Endowment Funds	Donor-Restricted Endowment Funds	Board Designated Endowment Funds
Unrestricted	$ -	$ 2,569,745	$ -	$ 2,152,780
Temporarily Restricted	1,089,419	-	564,687	-
Permanently Restricted	1,656,098	-	1,536,643	-
Total Endowment Funds	$ 2,745,517	$ 2,569,745	$ 2,101,330	$ 2,152,780

Changes in endowment funds by net asset classification for the year ended June 30, 2014 are summarized as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,152,780	$ 564,687	$ 1,536,642	$ 4,254,109
Donations	373,018	16,600	56,240	445,858
Endowment match	26,240	-	-	26,240
Disbursed for restricted purposes	-	(8,080)	-	(8,080)
Transfer to spending accounts	(64,670)	(22,300)	-	(86,970)
Investment return				
Investment income	86,156	22,788	4,031	112,975
Net appreciation (realized and unrealized)	427,713	115,264	49,884	592,861
Administrative expense	(16,535)	(4,424)	(772)	(21,731)
Total investment return	497,334	133,628	53,143	684,105
Transfer to temporarily restricted	(414,957)	421,484	(6,527)	-
Internal transfers to (from) endowments	-	(16,600)	16,600	-
Endowment net assets, end of year	$ 2,569,745	$ 1,089,419	$ 1,656,098	$ 5,315,262

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

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

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

	2014	2013
Temporarily restricted net assets		
Restricted for program support	$ 1,089,419	$ 564,687
Total endowment assets classified as temporarily restricted net assets	$ 1,089,419	$ 564,687
Permanently restricted net assets		
Restricted for nursing scholarships	$ 138,841	$ 138,841
Restricted for program support	1,517,257	1,397,801
Total endowment assets classified as permanently restricted net assets	$ 1,656,098	$ 1,536,642

Endowments with Eroded Corpus
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $0 as of June 30, 2014 and $391 as of June 30, 2013

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

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

9. Retirement Plans

The System has a noncontributory defined benefit pension plan covering substantially all of its employees The benefits are based on years of service and the employees' compensation The System's measurement date is June 30 The System makes contributions to the plan based upon actuarially determined amounts intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future During fiscal year 2014, the pension plan was amended by freezing the plan to any new employees hired on or after January 1,

2014.These employees will be offered a new Defined Contribution Plan that will have a similar plan design as the Defined Benefit Pension Plan. This would include a three-year vesting period and would not allow any loans New employees would also be required to be employed for one year before being able to participate In addition, the System sponsors a defined benefit health care plan that provides postretirement health care benefits to employees with at least 10 years of continuous service (working 1,000 hours in each year) and at least 55 years of age During fiscal year 2012 the post-retirement plan was amended to replace retirees' health insurance coverage with a subsidy of $2,000 per year (trended at 5% per year) to enter into a Medicare supplemental plan During Fiscal Year 2013, the plan was closed and participants who were age 45 or older, with at least 10 years of service as of January 1, 2013, remained in the plan The impact of these plan amendments reduced the projected benefit obligation by $7,063,410 in fiscal year 2013

The following table shows the components of net periodic benefit costs for fiscal years ended June 30, 2014 and June 30, 2013

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Components of net periodic benefit costs				
Service cost	$ 3,533,277	$ 3,578,867	$ 938,511	$ 1,820,424
Interest cost	3,345,182	2,963,001	1,381,528	1,356,785
Expected return on assets	(3,992,703)	(3,510,490)	-	-
Subtotal	2,885,756	3,031,378	2,320,039	3,177,209
Amortization of				
Net prior service cost	168,720	174,922	(2,777,873)	(2,162,121)
Net losses	1,071,876	2,103,233	1,345,906	1,681,852
Total amortization	1,240,596	2,278,155	(1,431,967)	(480,269)
Net periodic benefit cost	$ 4,126,352	$ 5,309,533	$ 888,072	$ 2,696,940

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

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Changes in projected benefit obligations				
Benefit obligation at beginning of year	$ 69,231,356	$ 69,983,091	$ 28,670,351	$ 36,020,550
Service cost	3,533,277	3,578,867	938,511	1,820,424
Interest cost	3,345,182	2,963,001	1,381,528	1,356,785
Plan participants' contributions	-	-	89,630	110,440
Net actuarial (gain) loss	5,256,420	(6,033,626)	2,291,898	(2,717,215)
Benefit payments from fund	(1,497,049)	(1,259,977)	(985,874)	(945,518)
Plan Amendments	-	-	-	(7,063,410)
Retiree Drug Subsidy	-	-	41,182	88,295
Benefit obligation at end of year	$ 79,869,186	$ 69,231,356	$ 32,427,226	$ 28,670,351

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Changes in plan assets				
Fair value of plan assets at beginning of year	$ 51,946,364	$ 44,820,374	$ -	$ -
Employer contributions	3,723,752	3,607,436	855,062	746,783
Plan participants' contributions	-	-	89,630	110,440
Benefit payments from fund	(1,497,049)	(1,259,977)	(985,874)	(945,518)
Retiree Drug Subsidy	-	-	41,182	88,295
Actual return on assets	6,405,965	4,778,531	-	-
Fair value of plan assets at end of year	$ 60,579,032	$ 51,946,364	$ -	$ -

The following table summarizes the funded status of the plans

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Funded status				
Projected benefit obligation	$ (79,869,186)	$ (69,231,356)	$ (32,427,226)	$ (28,670,351)
Plan assets at fair value	60,579,032	51,946,364	-	-
Net balance sheet liability	$ (19,290,154)	$ (17,284,992)	$ (32,427,226)	$ (28,670,351)

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

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Net actuarial losses	$ 18,144,378	$ 16,373,096	$ 15,763,451	$ 14,817,459
Net prior service cost/(credit)	434,413	603,133	(6,885,763)	(9,663,636)
Amount recognized in unrestricted net assets	$ 18,578,791	$ 16,976,229	$ 8,877,688	$ 5,153,823
Change in accumulated unrestricted net asssets	$ 1,602,562	$ (9,579,892)	$ 3,723,865	$ (9,300,356)

At June 30, 2014, amounts in unrestricted net assets that are expected to be recognized as components of net periodic pension expense during fiscal year 2015 are as follows

	Pension Benefits	Other Benefits
Amortization of net losses	$ 1,161,000	$ 1,419,000
Amortization of net prior service cost/(credit)	169,000	(2,777,873)

The accumulated benefit obligation for the pension plan was $72,962,387 and $62,667,345 as of the measurement date for the current and prior year, respectively

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

Assumptions used in the accounting for benefit obligations were.

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Weighted-average assumptions as of the measurement date				
Discount rate	4 50 %	4 90 %	4 50 %	4 90 %
Rate of increase in future compensation levels	4 00 %	4 00 %	-	-

Assumptions used in the accounting for net periodic benefit cost were

	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Weighted-average assumptions as of the measurement date				
Discount rate	4 90 %	4 30 %	4 90 %	4 30 %
Rate of increase in future compensation levels	4 00 %	4 00 %	-	-
Expected long-term rate of return on assets	7 50 %	7 50 %	-	-

For fiscal 2014 disclosure, a 7 0% initial trend rate decreasing to a 5% ultimate trend rate of increase in the per capita cost of covered health care benefits was assumed for 2014 The ultimate trend rate will be reached in 2020

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

For 2014, post-retirement healthcare benefit current liabilities were expected benefit payments for fiscal 2015, which were $1,027,144 Non-current liabilities are the net balance sheet liability less current liabilities or $31,400,082 For 2013, current liabilities were expected benefit payments for fiscal 2014, which were $834,792 Non-current liabilities were the net balance sheet liability less current liabilities or $27,835,559

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

	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components in fiscal year 2014	$ 495,922	$ (393,675)
Effect on postretirement benefit obligation as of the measurement date	$ 5,621,840	$ (4,581,989)

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

The pension benefit asset allocation was as follows at June 30

	Pension Benefits	
	2014	2013
Plan asset allocation		
Equity securities	34 0 %	63 0 %
Debt securities	1 0 %	36 0 %
Cash and cash equivalents	65 0 %	1 0 %
Total	100 0 %	100 0 %

The table below presents the fair values of the pension assets by level within the fair value hierarchy as of June 30, 2014

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 971,888	$ -	$ -	$ 971,888
U S government obligations	10,732,122	-	-	10,732,122
Fixed Income	9,203,353	-	-	9,203,353
Domestic and foreign equities	12,237,620	-	-	12,237,620
Mutual funds/ETFs	27,434,049	-	-	27,434,049
Total assets limited as to use	$ 60,579,032	$ -	$ -	$ 60,579,032

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

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 646,543	$ -	$ -	$ 646,543
U S government obligations	9,509,595	-	-	9,509,595
Fixed Income	7,590,187	-	-	7,590,187
Domestic and foreign equities	32,469,721	-	-	32,469,721
Mutual funds/ETFs	1,760,318	-	-	1,760,318
Total assets limited as to use	$ 51,976,364	$ -	$ -	$ 51,976,364

The current portion of postretirement plan liability was $1,050,000 and $855,000 for June 30, 2014 and 2013, respectively The expected employer contributions for the pension benefit plan for fiscal year 2015 are $3,543,008

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

Cash flows (estimated benefit payments reflecting future service)	Pension Benefits	Other Benefits	
		Net Employer Payments	Medicare Subsidy Receipts
Fiscal year			
2015	$ 2,193,328	$ 1,050,000	-
2016	2,379,393	1,169,000	-
2017	2,607,113	1,266,000	-
2018	2,961,563	1,397,000	-
2019	3,414,848	1,540,000	-
2020-2024	21,933,114	9,463,000	-

10. Long-Term Debt

A summary of long-term debt and capital lease obligations at June 30, 2014 and 2013 follows

	2014	2013
Delaware Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002	$ -	$ 16,125,000
Delaware Health Facilities Authority Refunding Revenue Bonds, Series 2004A	-	14,970,000
Delaware Health Facilities Authority Revenue Bonds, Series 2005A	18,550,000	19,305,000
Delaware Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2014A	19,107,347	-
Delaware Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2014B	9,670,000	-
Obligations under capital leases, at imputed interest rates of 0 00% to 8 34%, collateralized by leased equipment	4,542,055	1,150,885
Total long-term debt	51,869,402	51,550,885
Less Current portion	4,645,538	3,704,168
Total long-term debt and obligations under capital leases, less current portion	$ 47,223,864	$ 47,846,717

On June 1, 2014, Delaware Health Facilities Authority (the "Authority") and the Medical Center completed the issuance of Beebe Medical Center Variable Rate Demand Revenue Bonds Series 2014A (the "2014A Bonds") with a principal value of $31,020,000 and Beebe Medical Center Variable Rate Demand Revenue Bonds Series 2014B (the "2014B Bonds") with a principal value of $9,670,000 The Series 2014A Bonds were issued to (1) redeem the outstanding $15,755,000 principal amount the Authority's Variable Rate Refunding Revenue Bonds, Beebe Medical Center Project, Series 2002 ("the 2002 Bonds") and (2) to finance $15,000,000 in capital expenditures The 2014B Bonds were issued to redeem the outstanding $12,740,000 of the Authority's Revenue Refunding Bonds, Beebe Medical Center Project Series 2004A ("the 2004A Bonds") The Bonds were a direct placement with PNC Bank, NA

The 2014A Bonds bear interest at 0 926% at June 30, 2014, in accordance with the Loan Agreements The 2014A Bonds mature in June 2040 The 2014B Bonds bear interest at 2 016% at June 30, 2014, in accordance with the Loan Agreements The 2014B Bonds mature in June 2024 Neither Bond Series has a mandatory sinking fund and is not subject to optional redemption prior to maturity

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

The 2005A Bonds bear interest at rates ranging from 4 125% to 5 0% at June 30, 2014, in accordance with loan agreements The 2005A Bonds that mature in June 2024 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2018 in amounts ranging from $905,000 to $1,215,000 and the 2005A Bonds that mature in June 2030 are subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2025 in amounts ranging from $1,275,000 to $1,630,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

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

On July 19, 2004, the Authority and the Medical Center completed the issuance of 2004A (the "2004A Bonds") with a principal value of $29,455,000 primarily to refund the Delaware Health Facilities Authority Revenue Bonds ("Beebe Medical Center Project"), Series 1994 (the "Series 1994 Bonds")

The 2004A Bonds bore interest at rates ranging from 5 0% to 5 5% at June 1, 2014, when they were refunded by issuance of the 2014B Bonds The 2004A Bonds were to mature in June 2024 and were subject to mandatory sinking fund redemption prior to maturity commencing June 1, 2017 in amounts ranging from $825,000 to $1,200,000 as set forth in the Bond Indenture Agreement at 100% of the principal amount plus accrued interest at the date of redemption

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

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

The 2002 Bonds bore interest at 0 06% at June 1, 2014, when they were refunded by issuance of the 2014A Bonds. The 2002 Bonds were supported by a Letter of Credit issued by PNC Bank, which was to expire February 28, 2015

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

The agreements require the Medical Center to meet various financial and non-financial covenants with the most restrictive requiring the Medical Center to maintain 100 days of operating cash as of June 30, 2013 and 75 days of operating cash as of June 30, 2014 and to generate "net income available for debt service," as defined therein, of 110% of maximum annual debt service The Medical Center was in compliance with such covenants at June 30, 2014 and 2013

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

	Series 2005A Bonds	Series 2014A Bonds	Series 2014B Bonds	Capital Lease Obligations
Year Ending June 30,				
2015	$ 795,000	$ 825,000	$ 1,790,000	$ 1,380,244
2016	835,000	855,000	1,790,000	1,178,997
2017	870,000	880,000	625,000	1,150,388
2018	905,000	905,000	665,000	898,495
2019	950,000	930,000	695,000	217,441
Thereafter	14,195,000	14,712,347	4,105,000	-
	$ 18,550,000	$ 19,107,347	$ 9,670,000	4,825,565
Less Amount representing interest under capital lease obligations				283,509
Capital lease obligation principal				$ 4,542,056

The fair value of the Medical Center's long-term debt, exclusive of obligations under capital leases, was approximately $47,440,912 and $50,489,434 at June 30, 2014 and 2013, respectively Fair value of the long-term debt is based on current traded value, excluding accrued interest. As such, management has classified this as Level 2 within the fair value hierarchy

The Medical Center has $4,250,000 of available credit from a bank At June 30, 2014, $1,500,000 has been used as a letter of credit for the Medical Center's malpractice insurance program, and $2,670,000 has been used as a letter of credit for the Medical Center's workers' compensation insurance program The Letters of Credit are collateralized by specific investments held by the Medical Center The fair value of these investments at June 30, 2014 amounts to $6,925,562 These irrevocable stand-by letters of credit expire and automatically renew each year at various dates throughout the year

11. Malpractice Insurance

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

to $20,000,000 with Endurance American Insurance Company. Effective April 30, 2010, the System carries claims-made professional liability insurance in the amount of $1,000,000 each claim and $3,000,000 annual aggregate through Arch Insurance Group The System is subject to a $500,000 per claim and $1,500,000 annual aggregate deductible under this policy The System carries umbrella coverage up to $10,000,000 per occurrence and in the aggregate with Arch Insurance Group and an additional excess coverage up to $20,000,000 ($10,000,000 with OneBeacon Professional Insurance and $10,000,000 with Darwin Select Insurance Company) The umbrella and excess policies provide coverage for malpractice and general liability, auto, workers' compensation and a helipad

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

	2014	2013
Receivables:		
Prepaid and other current assets	$ 116,060	$ 107,427
Other assets	269,033	256,045
Total receivables	385,093	363,472
Payables:		
Accounts payable and accrued expenses	802,036	781,304
Other liabilities	2,916,832	2,713,760
Gross undiscounted liability	3,718,868	3,495,064
Net undiscounted liability	$ 3,333,775	$ 3,131,592

12. Workers' Compensation Insurance

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

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

	2014	2013
Receivables:		
Prepaid and other current assets	$ 258,038	$ 364,444
Other assets	3,199,268	3,490,890
Total receivables	3,457,306	3,855,334
Payables:		
Accounts payable and accrued expenses	1,181,568	1,073,378
Other liabilities	5,124,073	4,832,314
Gross undiscounted liability	6,305,641	5,905,692
Net undiscounted liability	$ 2,848,335	$ 2,050,358

13. Concentrations of Credit Risk

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

	2014	2013
Medicare	37 44 %	37 84 %
Medicaid	10 32 %	8 61 %
Commercial	45 79 %	48 79 %
Patients	6 45 %	4 76 %
	100 00 %	100 00 %

14. Functional Expenses

The System provides general health care services to residents within its geographic location Expenses related to providing these services for 2014 and 2013, excluding bad debt provision, are as follows

	2014	2013
Health care services	$ 280,083,109	$ 254,683,962
General and administration	30,568,086	26,197,840
Total expenses	$ 310,651,195	$ 280,881,802

15. Commitments and Contingencies

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

Other
The Medical Center's billings will be subject to review by a Medicare Recovery Audit Contractor ("RAC") The RAC program is a CMS initiative to recover provider overpayments The RAC can review any claim for up to three years prior to the current date As a result of this initiative, the Medical Center has created a reserve of $8,093,542 and $8,420,843 at June 30, 2014 and 2013, respectively This reserve is included in Estimated Third-party Settlements on the Balance Sheet As a result of the Medical Center's continuing coding and billing self-audits, there were no refunded overpayments in fiscal years 2013 and 2014

16. Asset Retirement Obligations

The Medical Center's asset retirement obligation is attributed to a 2005 study on the existence and removal of asbestos material in several older buildings still in use

The following is a reconciliation of the asset retirement obligation

	2014	2013
Asset retirement obligation at beginning of year	$ 3,302,455	$ 3,153,055
Liabilities incurred	(66,756)	-
Asset disposition	(68,244)	-
Accretion expense	136,833	149,400
Asset retirement obligation at end of year	$ 3,304,288	$ 3,302,455

17. Related Party Transactions

The Medical Center and each of its affiliates have Boards of Directors that are comprised of community members and 7 physicians in 2014 and 9 physicians in 2013 who are related parties Payments to community members, primarily for property rentals, in 2014 and 2013 were $286,027 and $296,510, respectively, that are included in the Other Expenses line in the accompanying Consolidated Statements of Operations and Changes in Net Assets The System has arrangements with many physicians to compensate them for Medical Director and Leadership responsibilities, Practice Guarantees, Pay-for-Call (Emergency Department) and fees for professional services rendered that are included in the Salaries and Benefits, Physician Fees and Contract Labor expense line During the years ended June 30, 2014 and 2013, amounts paid to related party physicians aggregated $2,853,995 and $3,420,636, respectively Amounts received from a related party physician group were $1,307,674 and $148,786 during the years ended June 30, 2014 and 2013, respectively At June 30, 2014 amounts receivable from related party physicians aggregated $531,800 and payables to related party physicians were $28,084 At June 30, 2013 amounts receivable from related party physicians aggregated $568,659 and payables to related party physicians were $49,066 These receivables are reflected as Prepaid Expenses and Other Current Assets under Current Assets and the payables are reflected as Accounts Payable and Accrued Expenses under Current Liabilities

Supplemental Schedules

Beebe Medical Center, Inc.
Consolidating Balance Sheet
Year Ended June 30, 2014

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Medical Group	Delmarva Health Network	Consolidating Entries	Consolidated Totals
Assets						
Current assets						
Cash and cash equivalents	$ 25,796,124	$ 59,632	$ 237,888	$ 475,176	$ -	$ 26,568,820
Patient accounts receivable, net	36,362,351	-	889,594	-	-	37,251,945
Prepaid expenses and other current assets	8,873,076	9,797	1,426	-	-	8,884,299
Total current assets	71,031,551	69,429	1,128,908	475,176	-	72,705,064
Assets limited as to use - non current						
Board designated funds	61,913,980	5,869,472	-	-	-	67,783,452
Other board designated assets	1,838,339	-	-	-	-	1,838,339
Beneficial interest in Foundation unrestricted net assets	5,889,230	-	-	-	(5,889,230)	-
Restricted under bond agreements						
Project fund	75,846	-	-	-	-	75,846
Debt service reserve fund	1,724,744	-	-	-	-	1,724,744
Collateral funds	6,925,562	-	-	-	-	6,925,562
Donor restricted funds	22,908	13,191,138	-	-	-	13,214,046
Beneficial interest in Foundation restricted net assets	13,389,604	-	-	-	(13,389,604)	-
Donor restricted pledges receivable, net	-	198,466	-	-	-	198,466
Total assets limited as to use	91,780,213	19,259,076	-	-	(19,278,834)	91,760,455
Property and equipment, net	138,004,172	8,750	2,380,200	-	-	140,393,122
Beneficial interest in perpetual trust	349,945	-	-	-	-	349,945
Assets held in charitable remainder trusts, net	639,417	-	-	-	-	639,417
Amounts due from consolidated affiliates	1,069,568	-	-	-	(1,069,568)	-
Amounts due from un-consolidated affiliates	985,906	-	-	-	-	985,906
Other assets	7,077,820	45,000	-	-	-	7,122,820
Total assets	$ 310,938,592	$ 19,382,255	$ 3,509,108	$ 475,176	$ (20,348,402)	$ 313,956,729

Beebe Medical Center, Inc.
Consolidating Balance Sheet
Year Ended June 30, 2014

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Medical Group	Delmarva Health Network	Consolidating Entries	Consolidated Totals
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued expenses	$ 44,452,073	$ 71,996	$ 2,943,930	$ -	$ -	$ 47,467,999
Estimated third-party payor settlements	12,736,728	-	-	-	-	12,736,728
Current portion of long-term debt	4,645,538	-	-	-	-	4,645,538
Total current liabilities	61,834,339	71,996	2,943,930	-	-	64,850,265
Noncurrent liabilities						
Accrued pension and post-retirement benefit cost	50,667,380	-	-	-	-	50,667,380
Due to Medical Center	-	29,214	77,177,945	234,490	(77,441,649)	-
Other liabilities	13,849,967	2,211	-	-	-	13,852,178
Obligations under capital leases, less current portion	3,281,517	-	-	-	-	3,281,517
Long-term debt, less current portion	43,942,347	-	-	-	-	43,942,347
Total liabilities	173,575,550	103,421	80,121,875	234,490	(77,441,649)	176,593,687
Net assets						
Unrestricted	122,961,168	6,027,180	(76,612,767)	240,686	70,344,901	122,961,168
Temporarily restricted	12,745,776	11,694,974	-	-	(11,694,974)	12,745,776
Permanently restricted	1,656,098	1,556,680	-	-	(1,556,680)	1,656,098
Total net assets	137,363,042	19,278,834	(76,612,767)	240,686	57,093,247	137,363,042
Total liabilities and net assets	$ 310,938,592	$ 19,382,255	$ 3,509,108	$ 475,176	$ (20,348,402)	$ 313,956,729

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2014

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Medical Group	Delmarva Health Network	Consolidating Entries	Consolidated Totals
Unrestricted net assets						
Unrestricted revenues and other support						
Net patient service revenue before bad debt	$ 300,037,413	$ -	$ 11,765,908	$ -	$ -	$ 311,803,321
Provision for bad debts	6,809,470	-	363,997	-	-	7,173,467
Net patient service revenue less provision for bad debt	$ 293,227,943	$ -	$ 11,401,911	$ -	$ -	$ 304,629,854
Other revenues	9,836,283	-	1,053,688	-	(200,566)	10,689,405
Net assets released from restrictions used for operations	97,569	-	-	-	-	97,569
Total unrestricted revenues and other support	303,161,795	-	12,455,599	-	(200,566)	315,416,828
Expenses						
Salaries and benefits, physician fees, and contract labor	152,237,029	376,475	26,563,432	135,585	-	179,312,521
Medical, surgical, and patient-related supplies and services	63,032,410	40,589	430,369	-	-	63,503,368
Repairs, maintenance and utilities	12,343,574	12,102	339,750	-	-	12,695,426
Insurance	2,794,786	-	124,618	-	-	2,919,404
Depreciation and amortization	17,153,849	1,295	216,379	-	-	17,371,523
Interest	2,010,529	-	-	-	-	2,010,529
Other	28,675,540	143,592	4,120,953	98,905	(200,566)	32,838,424
Total expenses	278,247,717	574,053	31,795,501	234,490	(200,566)	310,651,195
Income (loss) from operations	$ 24,914,078	$ (574,053)	$ (19,339,902)	$ (234,490)	$ -	$ 4,765,633

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2014

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Medical Group	Delmarva Health Network	Consolidating Entries	Consolidated Totals
Income (loss) from operations (from previous page)	$ 24,914,078	$ (574,053)	$ (19,339,902)	$ (234,490)	$ -	$ 4,765,633
Non-operating gains (losses)						
Contributions	-	300,962	-	-	-	300,962
Investment income and net realized gains	2,841,291	153,660	-	-	-	2,994,951
Other expense - charitable remainder trust	-	(121,659)	-	-	-	(121,659)
Equity (losses) in consolidated affiliates	(19,435,137)	-	-	-	19,435,137	-
Equity in unconsolidated affiliate	(76,195)	-	-	-	-	(76,195)
Equity in unaffiliated partnerships	(238,834)	-	-	-	-	(238,834)
Contribution to Foundation	(380,345)	380,345	-	-	-	-
Loss on redemption of bonds	(203,787)	-	-	-	-	(203,787)
Total non-operating gains (losses)	(17,493,007)	713,308	-	-	19,435,137	2,655,438
Excess (deficiency) of revenues, gains and other support over expenses and losses	7,421,071	139,255	(19,339,902)	(234,490)	19,435,137	7,421,071
Other changes in unrestricted net assets						
Net assets released from restrictions used for fixed asset purchases	1,121,714	-	-	-	-	1,121,714
Reclassification of endowment income FAS117-1	-	(414,957)	-	-	-	(414,957)
Change in interest in Foundation unrestricted net assets	354,768	-	-	-	(354,768)	-
Net unrealized gains on investments	3,819,973	641,107	-	-	-	4,461,080
Change in benefit plans liability	(5,326,427)	-	-	-	-	(5,326,427)
Capital contribution to Delmarva Health Network	-	-	-	475,176	(475,176)	-
Transfer from Foundation	211,262	(211,262)	-	-	-	-
Transfer (to) temporarily restricted net assets	(192,550)	339,890	-	-	-	147,340
Other changes	-	(10)	-	-	-	(10)
Increase (decrease) in unrestricted net assets	7,409,811	494,023	(19,339,902)	240,686	18,605,193	7,409,811

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2014

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Medical Group	Delmarva Health Network	Consolidating Entries	Consolidated Totals
Temporarily restricted net assets						
Contributions	1	1,960,562	-	-	-	1,960,563
Event Expenses	-	(242,990)	-	-	-	(242,990)
Fundraising Expenses	-	(233,091)	-	-	-	(233,091)
Contribution (to) from Foundation	(192,550)	192,550	-	-	-	-
Change in value of remainder trusts	45,350	-	-	-	-	45,350
Net investment income and realized gains on investments	-	766,790	-	-		766,790
Reclassification of endowment income FAS117-1 underwater	-	414,957	-	-	-	414,957
Net assets released from restrictions used for fixed asset purchases	(1,121,714)	-	-	-	-	- (1,121,714)
Net assets released from restrictions used for operations	(97,569)	-	-	-	-	(97,569)
Net assets released from restrictions used for other	(55,939)	(43,782)	-	-	-	(99,721)
Change in interest in Foundation temporarily restricted net assets	1,223,469	-	-	-	(1,223,469)	-
Transfer from Foundation	1,271,047	(1,271,047)	-	-	-	-
Transfer from/(to) unrestricted net assets	192,550	(339,890)	-	-	-	(147,340)
Ere-class of payable FY05 to temporary restricted net assets	-	6,000				6,000
Refund of equipment purchased		30,000				30,000
Transfer to permanently restricted net assets	6,527	(16,600)	-	-	-	(10,073)
Other changes	-	10	-	-	-	10
Increase (decrease) in temporarily restricted net assets	1,271,172	1,223,469	-	-	(1,223,469)	1,271,172

Beebe Medical Center, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2014

	Beebe Medical Center, Inc.	Beebe Medical Foundation	Beebe Medical Group	Delmarva Health Network	Consolidating Entries	Consolidated Totals
Permanently restricted net assets						
Contributions	-	56,240	-	-	-	56,240
Increase in value of beneficial interest in perpetual trusts	29,457		-	-	-	29,457
Realized and unrealized gains on investments	-	23,685	-	-	-	23,685
Transfer to temporarily restricted net assets	(6,527)	16,600	-	-	-	10,073
Change in interest in Foundation permanently restricted net assets	96,525	-	-	-	(96,525)	-
Increase (decrease) in permanently restricted net assets	119,455	96,525	-	-	(96,525)	119,455
Increase (decrease) in net assets	8,800,438	1,814,017	(19,339,902)	240,686	17,285,199	8,800,438
Net assets						
Beginning of year	128,562,604	17,464,817	(57,272,864)	-	39,808,047	128,562,604
End of year	$ 137,363,042	$ 19,278,834	$ (76,612,766)	$ 240,686	$ 57,093,246	$ 137,363,042