

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

**Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers:**

**Hospital Service Association of Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern Pennsylvania;
First Priority Life Insurance Company, Inc.;;
HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health**

By Highmark Inc.

**BCNEPA RESPONSE TO SUPPLEMENTAL INFORMATION REQUEST
5.4.8.5 FROM THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.4.8.5:

A. Please review the Background section of this letter and inform the Department if the statements made there are or are not accurate. Please provide any additional facts that you feel would be helpful to give the Department a comprehensive understanding of the governance and control of the Public Charity and the Foundation, the proposed transfers of assets from BCNEPA to the Public Charity, the Foundation or any other entity (other than Highmark) in connection with the Transaction and the operation of the Public Charity and the Foundation after closing of the Transaction.

RESPONSE:

BCNEPA reviewed the Background section of the Pennsylvania Insurance Department Letter dated June 24, 2014 to Jack M. Stover (the “Letter”) and finds that this section is accurate except as follows:

1. On page two of the letter, the first line of the first full paragraph states that the BCNEPA response “indicates that AHG and HRC will merge prior to the closing of the Transaction...” BCNEPA, in its response to Information Request 5.4.8.5, in the first line of the third full paragraph stated that “[i]t is expected that AHG...and HRC...would merge prior to the closing of the Transaction...”
2. On page three of the letter, in the first line of the first full paragraph, the term “Majority Members” should read “Board”. Please see the last paragraph on page 2 of BCNEPA’s response to Information Request 5.4.8.5 for reference.

The Letter also requests that BCNEPA provide any additional facts that it feels would be helpful. Such additional facts are included in BCNEPA's responses to Supplemental Information Requests 5.4.8.5.1 through 5.4.8.5.19.

REQUEST 5.4.8.5.1:

Please describe how the Public Charity intends to qualify as a public charity, providing references to the applicable provisions of the Internal Revenue Code and how the Public Charity will meet one of the public support tests under Section 509(a) of the Internal Revenue Code.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Public Charity will apply to the Internal Revenue Service for recognition of tax exemption as an organization with broad, public support from individual and business donors, and grants from governmental entities and other exempt organizations to further the Public Charity's missions. The Public Charity will seek to qualify under the publicly supported test of §509(a)(2) of the Internal Revenue Code and the Treasury Regulations thereunder.

REQUEST 5.4.8.5.2:

Please describe the Public charity's planned fund-raising activities, including any draft Documents relating to such fund-raising plans.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

Because the Public Charity has not yet been formed, its Board of Directors has not yet been constituted, and an Executive Director has not yet been selected, the Public Charity's fund-raising activities have not yet been determined. As such, there currently are no draft Documents relating to fund-raising plans. Nevertheless, it is expected that the Public Charity will, at a minimum, engage in vigorous word-of-mouth solicitation of donations and, to that end, its anticipated Board of Directors will be both large in number (with a minimum of 31 directors) and broadly representative of the Northeastern and North Central Pennsylvania community. Board members will be tasked with soliciting funds from their respective constituencies.

Once constituted, the Board may, for example, seek to raise funds through email and phone solicitations; through hosted fundraising events; by creating a website to aid in solicitations; and, in all events, by applying for grants from governmental agencies and from other exempt organizations, as the Board may decide.

REQUEST 5.4.8.5.3:

Please provide a copy of the changes proposed to be made to the Foundation's Articles of Incorporation and Bylaws and provide a copy of the Public Charity's draft organizational documents, including its proposed Articles and Bylaws.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that the requested Documents have not yet been prepared, but drafts are in process. Drafts of the requested Documents will be provided in the near future.

REQUEST 5.4.8.5.4:

Please provide a copy of the Public Charity's draft Form 1023.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that because many of the items called for by IRS Form 1023 have yet to be determined, the Public Charity's draft Form 1023 has not yet been prepared. A draft of the requested Document will be provided in the near future.

REQUEST 5.4.8.5.5:

Please specifically describe Public Charity's intended activities (its exempt functions).

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Public Charity intends to provide or support programs which focus on health, education and disease prevention, human services activities, activities which improve the quality of life of children and families, activities for the promotion of social welfare, and lessening the burdens of government, including, in particular, supporting health care and other purposes that complement or supplement the historic mission of BCNEPA, either directly through sponsored programs or, by grant making to assist other exempt organizations which carry on such activities within the 13 counties of Northeastern and North Central Pennsylvania. The Public Charity intends to explore opportunities to collaborate with existing health care providers and other entities and agencies dedicated to providing better health care and dental care, or addressing unmet or underserved health care and dental care needs, within the 13 counties of Northeastern and North Central Pennsylvania.

REQUEST 5.4.8.5.6:

Please provide (a) a projected balance sheet for the Public Charity as of the date of closing of the Transaction; and (b) reasonable good faith estimates of likely income and

expenses of the Public Charity for the year after closing of the Transaction and for the next 2 years.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that a projected balance sheet for the Public Charity as of the date of closing of the Transaction, and a reasonable good faith estimate of income and expenses of the Public Charity for the year after closing and the following two years, prepared by BCNEPA based on information currently available to it, are attached hereto.

REQUEST 5.4.8.5.7:

What is projected to be the fair market value of AHRC at the time that all of the capital stock of AHRC is contributed to the Public Charity (i.e. at the time of closing of the Transaction after AHG and HRC have been merged, the name of the surviving entity has been changed to AHRC and any contributions have been made by BCNEPA to AHRC, AHG and/or HRC) and how was such fair market value determined?

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that although a qualified appraisal of the fair market value of AHRC as of the time of its contribution to the Public Charity will be obtained as the closing of the Transaction draws closer, BCNEPA estimates, based solely on a discounted cash flow analysis performed internally and considering AHRC's projected net worth assuming the proposed \$20 million contribution has been made to HRC, that the fair market value of AHRC at closing could be between \$30 million and \$40 million.

REQUEST 5.4.8.5.8:

Please provide (a) a projected balance sheet for AHRC as of the date of closing of the Transaction; and (b) reasonable good faith estimates of likely income and expenses of AHRC for the year after closing of the Transaction and for the next 2 years.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that a projected balance sheet for AHRC as of the date of closing of the Transaction, and a reasonable good faith estimate of income and expenses of AHRC for the year after closing and the following two years, prepared by BCNEPA based on information currently available to it, are attached hereto (based on the assumptions described therein).

REQUEST 5.4.8.5.9:

Will the Public Charity own stock in any other corporations other than AHRC? If so, please describe in detail.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that it is not anticipated that the Public Charity will own stock in corporations other than AHRC, except as part of the investment of its assets that comprise its investment portfolio.

REQUEST 5.4.8.5.10:

Will the Public charity hold interests (member, partner, stock) in any entities subject to pass-through taxation under the Internal Revenue Code (LLCs, partnerships, S corporations)? If so, please describe in detail.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief that it is not anticipated that the Public Charity will hold interests in any pass-through entities.

REQUEST 5.4.8.5.11:

To the extent known, please provide the names of the proposed initial Majority Board Members of the Public Charity or at least the specific types of individuals who will be appointed to the board of the Public Charity and the process by which Majority Board Members will be chosen, both initially and subsequently.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

A committee consisting of certain members of the Board of Directors of BCNEPA (the "Volunteer Committee") is working to identify candidates to serve as the initial Majority Board Members of the Public Charity. The Volunteer Committee hopes to recruit Majority Board Members who are broadly representative of the community and who would agree to work diligently to enhance the Public Charity's mission. Among the selection considerations are broad geographic coverage throughout the 13 counties of Northeastern and North Central Pennsylvania; industry leaders; educators; healthcare professionals and other persons with healthcare backgrounds; members of the religious community; individuals who work for other exempt organizations; government officials and/or members of their staffs; and other persons interested in helping to improve the health and welfare of the residents of Northeastern and North Central Pennsylvania. The Volunteer Committee intends to request current members of BCNEPA who are not members of the Board of Directors of BCNEPA to serve as initial Majority Board Members. The subsequent Majority Board Members will be determined by the then existing Board of Directors of the Public Charity.

REQUEST 5.4.8.5.12:

To the extent that BCNEPA's response to this letter does not identify the Majority Members of the Public Charity or the entire board of the Foundation, please describe when

it is expected that the identity of the Majority Members (of the Public Charity) and the complete list of the Foundation's board members will be made available.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Board of Directors of the Foundation will initially consist of the current members of BCNEPA's Board (who are identified in the Department's request letter), other than the ex-officio director, as well as certain current members of the Board of Directors of the Foundation who are willing to serve.

It is difficult to predict at this time when all of the Majority Members of the Public Charity's Board will have been selected and will have agreed to serve. As noted in the response to 5.4.8.5.11, the Volunteer Committee of BCNEPA is currently engaged in the process of identifying potential candidates for the Board of the Public Charity.

REQUEST 5.4.8.5.13:

Please provide a description of the nature and extent of any Financial Relationships that exist or are anticipated to exist between or among any current or former members of the Board of Directors, officers, directors, employees of any BCNEPA Entity, and/or the immediate family of any of the foregoing, on the one hand; and, on the other hand, the Public Charity, the Foundation and/or AHRC.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

BCNEPA is not aware of any current or former officer, director or employee of any BCNEPA Entity or any of their immediate family that has or is anticipated to have, directly or indirectly, any ownership or investment interest in the Public Charity, the Foundation or AHRC.

The current members of the Board of Directors of AHG also constitute the members of the Board of Directors of BCNEPA and are members of BCNEPA. Certain members of the Board of Directors of AHG are also members of the Board of Directors of other BCNEPA Entities. The current members of the Board of Directors of AHG (excluding the ex officio member) would continue as the Board of Directors of AHRC and it is expected that the current employees of HRC (AHG has no employees) would continue as employees of AHRC. The Board of Directors of AHRC would appoint the officers of AHRC, some or all of which could be current officers of a BCNEPA Entity. The current president of HRC has an employment agreement with HRC that would continue in effect in accordance with its terms. Five other employees of HRC have employment agreements with HRC which can be terminated without cause by either party giving between 30 and 45 days' notice and those employment agreements would continue in effect in accordance with their terms. HRC may attempt to negotiate an extension of an employment agreement with the current president of HRC and may negotiate employment agreements with one other officer of HRC in contemplation of the closing of the Transaction and HRC/AHRC not being owned by BCNEPA.

The current members of the Board of Directors of BCNEPA (excluding the ex officio member), as well as the current members of the Board of Directors of the Foundation who are willing to serve, would serve on the Board of Directors of the Foundation. The current members of the Board of Directors of BCNEPA (excluding the ex officio member) would serve on the initial Board of Directors of the Public Charity.

REQUEST 5.4.8.5.14:

What relationships, if any, will the Foundation and the Public Charity have or maintain?

(A) Is it anticipated that the Foundation will contribute funds to the Public Charity; and, if so, approximately how much is the Foundation expected to contribute to the Public Charity each year?

(B) In addition to the members of the BCNEPA board, will directors, officers and/or employees of the Public Charity serve as directors, officers and/or employees of the Foundation? Will the directors, officers and/or employees of any other organization (e.g., AHRC, etc.) serve as directors, officers, and/or employees of the Public Charity by virtue of their position as director, officer, and/or employee of the other organization.

The Department understands the current directors of BCNEPA will serve as directors on both the Public Charity and the Foundation.

(C) In addition to the current members of the BCNEPA board, will the directors, officers and/or employees of the Foundation serve as directors, officers and/or employees of the Public Charity? Will the directors, officers and/or employees of any other organization (e.g., AHRC, etc.) serve as directors, officers, and/or employees of the Foundation by virtue of their position as director, officer, and/or employee of the other organization. The Department understands the current directors of BCNEPA will serve as directors on both the Public Charity and the Foundation.

(D) Is any member of the Board of Directors of BCNEPA or any relative of any of them currently employed or expected to be employed after the Transaction has closed by AHG, HRC and/or AHRC?

(E) Please describe whether and to what extent any entity owned or controlled by any member of the Board of Directors of BCNEPA or any relative of any of them currently have a business relationship whereby that entity receives (or will receive after closing of the Transaction) compensation in any form from AHG, HRC and/or AHRC.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

(A) – Whether the Foundation will contribute to the Public Charity and, if so, in what amounts will be determined by the Board of Directors or the Grant Committee, if any, of the Foundation.

(B), (C) – The current members of the Board of Directors of BCNEPA (other than the ex-officio director) will also serve as directors of the Public Charity and will also serve as directors of the Foundation. A majority of the Public Charity’s directors, however, will not be directors of the Foundation.

The current members of the Board of Directors of BCNEPA (other than the ex-officio director) will serve as directors of AHRC.

It is not expected that officers or employees of AHRC, other than the Chairman of the Board of AHRC, will also be officers, directors or employees of either the Public Charity or the Foundation.

It is anticipated that the Public Charity and the Foundation will seek to minimize operating costs. To that end, it is expected that these two exempt organizations will share officers, employees and facilities to the extent possible, with their compensation to be allocated between the Public Charity and the Foundation.

(D) – To the knowledge of BCNEPA’s senior management, based on a review of annual conflict of interest questionnaires completed by the Board of Directors of BCNEPA and employees of HRC, no member of the Board of Directors of BCNEPA or any relative of any of them is currently employed by AHG, HRC and/or AHRC, and no such employment is currently expected after the Transaction has closed.

(E) – To the knowledge of BCNEPA’s senior management, based on a review of annual conflict of interest questionnaires completed by the Board of Directors of BCNEPA and employees of HRC, no entity owned or controlled by any member of the Board of Directors of BCNEPA or any relative of any of them currently have a business relationship whereby that entity receives compensation in any form from AHG, HRC and/or AHRC and no such relationship is currently expected after the Transaction has closed, other than those which arise in the ordinary course of business.

REQUEST 5.4.8.5.15:

Please describe the advantages and disadvantages of permitting the Foundation to remain in existence after formation of the Public Charity. Please describe the reasons for the decision not to combine the assets of Foundation and the Public Charity and dissolve the Foundation.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Foundation has operated for 12 years and was long ago determined by IRS to be a tax-exempt organization. As such, following the expected BCNEPA donation, the Foundation can immediately use the donated funds to expand the scope and degree of its charitable activities without having to obtain IRS approval.

The rules of §4943 of the Internal Revenue Code effectively preclude private foundations from owning an entity like AHRC. Accordingly, in order that any increase in value of AHRC can accrue to the benefit of its intended charitable donees, the Public Charity will be created, in part, to accept the donation from BCNEPA of AHRC. The Internal Revenue Code requires newly formed charitable organizations to seek and obtain from IRS a favorable determination letter as to their exempt status. Because of the well-known problems at the IRS Exempt Organizations Branch, organizations applying for recognition of their exempt status are currently experiencing waiting times in excess of 12 months for IRS to process their applications. If the Foundation were to seek to convert to public charity status, it would need a new IRS determination letter, its charitable activities would, accordingly, be impaired during the pendency of its determination letter request, and its ability to own AHRC without running afoul of the penalties and proscriptions of §4943 would remain in doubt throughout this period.

To address any potential extra expenses that may be incurred by the existence of the Foundation and the Public Charity, it is anticipated that the Public Charity and the Foundation will seek to minimize operating costs, by sharing officers, employees and facilities to the extent possible, with their compensation to be allocated between the Public Charity and the Foundation.

REQUEST 5.4.8.5.16:

What is the anticipated annual cost of administration of each of (a) the Foundation and (b) the Public Charity?

(A) How many individuals is each entity expected to employ?

(B) How much of those administrative expenses could be eliminated if the assets of the Foundation were contributed to the Public Charity and the Foundation dissolved?

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Volunteer Committee of BCNEPA is currently analyzing the staffing needs of the Foundation and the Public Charity and expects to retain a search firm to assist in finding an Executive Director for these organizations. Although it is not yet known what the annual cost of administration will be, the Foundation and the Public Charity will seek to minimize costs by sharing employees and, hopefully, procuring free or low-cost office space within which to locate the organizations. In addition, the Boards of Directors of the Foundation and Public Charity will be very active in the affairs of these organizations, and the directors will be volunteers. Nevertheless, a reasonable good faith estimate of the annual administrative expenses of the Foundation and the Public Charity, prepared by BCNEPA based on information currently available to it, is attached hereto. It is currently estimated that the total number of employees of the Foundation and Public Charity combined will be five. Because of the sharing of expenses described above, it is anticipated that the amount of administrative expenses that could be eliminated by dissolving the Foundation would be immaterial.

REQUEST 5.4.8.5.17:

Please describe the criteria to be used in determining how much of the \$90 or \$100 million of funds are to be allocated between the Foundation and the Public Charity.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

It is expected that after BCNEPA's proposed \$20 million contribution to AHRC, approximately \$3 million-\$10 million of the initial \$70 million will be contributed to the Public Charity and the remaining \$67 million-\$60 million will be contributed to the Foundation. It is expected that the additional \$10 million contribution by Highmark, if made, will go to the Foundation.

The principal reason for this proposed allocation, as described above in the response to 5.4.8.5.15, is that the Foundation can immediately begin to deploy its assets, or the earnings thereon, to carry out its charitable mission. In addition, the size of this contribution will enable the Foundation to undertake larger programmatic activities, in addition to its grant-making activities.

REQUEST 5.4.8.5.18:

With respect to the Foundation:

(A) To whom does the Foundation make contributions for purposes of the rules on qualifying distributions under Section 4942 of the Code? Will the Foundation continue to make these contributions following closing of the Transaction?

(B) Have any decision been made as to what other organizations, if any, contributions will be made by the Foundation after the closing of the Transaction? If not, has any criteria been developed pursuant to which the Foundation will make grants following closing of the Transaction?

(C) Please provide a copy of the Forms 990-PF for the Foundation for the last three years as filed with the IRS.

(D) Please provide a copy of the Form 1023 filed on behalf of the Foundation and the determination letter received by the Foundation from the IRS.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Foundation has historically made grants to §501(c)(3) organizations which are public charities. Following the Transaction, the Foundation expects to continue to make larger contributions to public charities in Northeastern and North Central Pennsylvania that have missions similar to those of the Foundation. If its Board so decides, the Foundation may also

develop, fund and support self-designed charitable programs which are larger in scope. The Foundation's annual charitable giving will be at least an aggregate amount sufficient to avoid the excise tax on failure to distribute income under Code §4942.

Copies of the Foundation's last three Forms 990-PF are attached. The Form 1023 filed on behalf of the Foundation and the determination letter received by the Foundation from the IRS are attached to BCNEPA's responses to Information Requests 6.1.1.7 and 6.1.1.8.

REQUEST 5.4.8.5.19:

Please provide a draft of a public filing that will make meaningful public disclosure of the proposed contribution of funds out of BCNEPA's surplus; the entities that will receive those funds; the individuals who will govern those entities; the role AHRC will play in the proposed donation and subsequent operation of the Public Charity; and the subjects of future distributions (contributions to other entities) to be made by the Public Charity and the Foundation and/or other activities of the Public Charity or the Foundation.

RESPONSE:

BCNEPA certifies to the best of its information, knowledge and belief the following:

The Form A, under the title "Social Commitments," and BCNEPA's responses to Information Requests 5.4.8.5, 5.4.8.5.5, 5.4.8.5.7, 5.4.8.5.17 and 5.4.8.5.18 include meaningful public disclosure of the proposed contribution of funds out of BCNEPA's surplus and the entities that will receive those funds.

BCNEPA's responses to Information Requests 5.4.8.5, 5.4.8.5.11 and 5.4.8.5.12 include meaningful public disclosure of currently available information concerning the individuals who will govern the entities that will receive the proposed contribution of funds out of BCNEPA's surplus.

As a wholly owned subsidiary of the Public Charity, it is not anticipated that AHRC will have a role in the proposed donation and subsequent operation of the Public Charity.

The subjects of future distributions (contributions to other entities) to be made by the Public Charity and the Foundation and/or other activities of the Public Charity or the Foundation are expected to be consistent with the activities described in BCNEPA's responses to Information Requests 5.4.8.5, 5.4.8.5.5 and 5.4.8.5.18. However, for various reasons, the identity of the subjects of future distributions by the Public Charity and the Foundation is not currently known and is not readily foreseeable. The Public Charity does not currently exist and its Board of Directors has not yet been constituted. The Foundation's Board of Directors as it is expected to be constituted at the closing of the Transaction does not currently exist. As such, there currently are no final or draft Documents related to the guidelines that would be used to review requests for contributions from either the Public Charity or the Foundation as it will exist following the closing of the Transaction.

**Hospital Service Association of
Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern
Pennsylvania (“BCNEPA”)
19 North Main Street
Wilkes-Barre, PA 18711**

Divider Page

**PUBLIC CHARITY
PARENT COMPANY ONLY
PROJECTED BALANCE SHEET
CLOSING DATE
(IN THOUSANDS OF \$)**

	<u>PROJECTED AT CLOSING</u>
<u>ASSETS</u>	
CASH, CASH EQUIVALENTS AND INVESTMENTS.....	\$ 10,000
INVESTMENT IN AHRC.....	<u>29,994</u>
TOTAL ASSETS.....	<u>\$ 39,994</u>
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES.....	\$ -
NET ASSETS.....	<u>39,994</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS.....	<u>\$ 39,994</u>

**PUBLIC CHARITY
PARENT COMPANY ONLY
PROJECTED STATEMENTS OF INCOME AND EXPENSES
FOR THE THREE YEARS AFTER CLOSING
(IN THOUSANDS of \$)**

	PROJECTED <u>Year 1</u>	PROJECTED <u>Year 2</u>	PROJECTED <u>Year 3</u>
REVENUES:			
Public donations.....	\$ 400	\$ 400	\$ 400
Net Investment income.....	200	200	200
Total revenues.....	600	600	600
EXPENSES:			
Grants.....	502	499	496
Operating and administrative expenses.....	98	101	104
Total expenses.....	600	600	600
Excess of revenues over expenses before AHRC earnings	\$ -	\$ -	\$ -

ALLONE HEALTH RESOURCES CORPORATION
PROJECTED BALANCE SHEET
CLOSING DATE
(IN THOUSANDS OF \$)

	<u>PROJECTED AT CLOSING</u>
<u>ASSETS</u>	
CASH, CASH EQUIVALENTS & INVESTMENTS.....	\$ 24,739
ACCOUNTS RECEIVABLE.....	7,521
PROPERTY & EQUIPMENT.....	804
PREPAID EXPENSES AND OTHER ASSETS.....	332
DEFERRED INCOME TAXES, NET.....	54
GOODWILL.....	<u>2,735</u>
 TOTAL ASSETS.....	 <u>\$ 36,185</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>	
ACCOUNTS PAYABLE AND OTHER LIABILITIES.....	\$ <u>6,191</u>
STOCKHOLDER'S EQUITY:	
Common capital stock, no par value, 6,000,000 shares authorized, 51,386 shares issued and outstanding.....	859
Additional paid-in capital.....	53,812
Retained earnings (accumulated deficit).....	<u>(24,677)</u>
	<u>29,994</u>
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY.....	 <u>\$ 36,185</u>

**ALLONE HEALTH RESOURCES CORPORATION
PROJECTED STATEMENTS OF OPERATIONS
FOR THE THREE YEARS AFTER CLOSING
(IN THOUSANDS of \$)**

	PROJECTED Year 1	PROJECTED Year 2	PROJECTED Year 3
REVENUES:			
Revenue and other income.....	39,359	44,465	50,597
EXPENSES:			
Operating and administrative expenses.....	<u>38,918</u>	<u>44,056</u>	<u>49,127</u>
INCOME BEFORE INCOME TAXES.....	441	409	1,470
PROVISION FOR INCOME TAXES.....	<u>176</u>	<u>164</u>	<u>588</u>
NET INCOME.....	<u>\$ 265</u>	<u>\$ 245</u>	<u>\$ 882</u>

The Projected Statements of Operations for AllOne Health Resources Corporation are based on an organic growth plan that contemplates significant investments in sales, marketing and information technology infrastructure and capabilities. While acquisitions to accelerate the growth plan will be evaluated, none are incorporated into these projections.

ESTIMATED ANNUAL ADMINISTRATIVE EXPENSES - FOUNDATION AND PUBLIC CHARITY
(IN THOUSANDS OF \$)

	<u>Total Annual Expense</u>	<u>-----allocation of expense-----</u>	
		<u>Public Charity</u>	<u>Private Foundation</u>
<u>(1) Executive Director / Development:</u>			
Salary.....	\$ 150	\$ 19	\$ 131
Taxes / Benefits / Incentives.....	75	9	66
Expenses.....	<u>12</u>	<u>2</u>	<u>10</u>
Total.....	<u>237</u>	<u>30</u>	<u>207</u>
<u>Support Staff:</u>			
(2) Grant Specialist/Program Manager - Salary & Benefits.....	170	21	149
(1) Administrative Assistant - Salary & Benefits.....	54	7	47
(1) Bookkeeping - Salary & Benefits.....	<u>75</u>	<u>9</u>	<u>66</u>
Total Support Staff.....	<u>299</u>	<u>37</u>	<u>262</u>
<u>Other Expense:</u>			
Office space.....	45	6	39
Equipment / telephone / supplies.....	20	3	17
Website hosting / promotion / marketing.....	25	3	22
Insurance (D&O).....	50	6	44
Legal / Audit / Accounting Fees.....	<u>100</u>	<u>13</u>	<u>87</u>
Total other expense.....	<u>240</u>	<u>31</u>	<u>209</u>
 Total Foundation Expenses before investment expenses.....	 <u>\$ 776</u>	 <u>\$ 98</u>	 <u>\$ 678</u>

It is assumed that the administration of both the Public Charity and Private Foundation will be performed by a common staff. Expenses will be allocated to the respective organizations based on the relative size of the investment portfolios - initially \$10 million (12.5%) for the Public Charity and \$70 million (87.5%) for the Private Foundation.

Divider Page

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

Department of the Treasury
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

2011

For calendar year 2011 or tax year beginning , **2011**, and ending , **20**

Name of foundation Hospital Service Association of N.E. PA Foundation		A Employer identification number 23-3101673
Number and street (or P.O. box number if mail is not delivered to street address) 19 North Main Street	Room/suite	B Telephone number (see instructions) (570) 200-6305
City or town, state, and ZIP code Wilkes-Barre, PA 18711		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation . . . <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 90,683	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . . . <input type="checkbox"/>		

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	280,000			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	493	493		
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		0		
	8 Net short-term capital gain				
	9 Income modifications			34,685	
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)	0				
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	280,493	493	34,685		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	30,283			31,756
	14 Other employee salaries and wages	32,955			34,557
	15 Pension plans, employee benefits	9,137			9,582
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	3,266			3,424
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	150			
	24 Total operating and administrative expenses. Add lines 13 through 23	75,791	0	0	79,319
	25 Contributions, gifts, grants paid	166,614			209,729
26 Total expenses and disbursements. Add lines 24 and 25	242,405	0	0	289,048	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	38,088				
b Net investment income (if negative, enter -0-)		493			
c Adjusted net income (if negative, enter -0-)			34,685		

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	64,702	90,683	90,683
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶ _____)				
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	64,702	90,683	90,683	
Liabilities	17 Accounts payable and accrued expenses	10,524	6,847	
	18 Grants payable	8,430		
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶ _____)			
	23 Total liabilities (add lines 17 through 22)	18,954	6,847	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	45,748	83,836	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 Total net assets or fund balances (see instructions)	45,748	83,836		
31 Total liabilities and net assets/fund balances (see instructions)	64,702	90,683		

Part III Analysis of Changes in Net Assets or Fund Balances			
1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)		1	45,748
2 Enter amount from Part I, line 27a		2	38,088
3 Other increases not included in line 2 (itemize) ▶ _____		3	
4 Add lines 1, 2, and 3		4	83,836
5 Decreases not included in line 2 (itemize) ▶ _____		5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30		6	83,836

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8			3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2010	409,111	92,025	4.4457
2009	1,029,321	332,539	3.0953
2008	1,089,647	1,243,362	0.8764
2007	1,555,284	2,706,498	0.5746
2006	1,930,990	5,521,632	0.3497
2 Total of line 1, column (d)			2 9.3417
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 1.8683
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			4 107,509
5 Multiply line 4 by line 3			5 200,859
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 5
7 Add lines 5 and 6			7 200,864
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.			8 209,729

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	5
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	5
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	5
6	Credits/Payments:		
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	189
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	189
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	184
11	Enter the amount of line 10 to be: Credited to 2012 estimated tax <input type="checkbox"/> 184 Refunded <input type="checkbox"/>	11	0

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ 0 (2) On foundation managers. ▶ \$ 0		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ 0		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ Pennsylvania		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	X	

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>www.bcnepa.com/cebrfoundation.aspx</u>	13	X	
14	The books are in care of ► <u>William Farrell</u> Telephone no. ► <u>(570) 200-6360</u> Located at ► <u>19 N. Main St., Wilkes-Barre, PA</u> ZIP+4 ► <u>18711</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. and enter the amount of tax-exempt interest received or accrued during the year	15		<input type="checkbox"/>
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	X
	Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2011 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2011.)	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

- 5a** During the year did the foundation pay or incur any amount to:
- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
 - (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
 - (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
 - (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No
 - (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No
- b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No
- Organizations relying on a current notice regarding disaster assistance check here
- c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
- If "Yes," attach the statement required by Regulations section 53.4945–5(d).
- 6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- If "Yes" to 6b, file Form 8870.
- 7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No
- b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

5b			
6b			X
7b			

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Denise S. Cesare, 19 N.Main St Wilkes-Barre, PA 18711	President 1hr/wk	0	0	0
William Farrell, 19 N.Main St. Wilkes-Barre, PA 18711	CFO&Tres 1hr/wk	0	0	0
Gertrude McGowan, 19 N.Main St Wilkes-Barre, PA 18711	Secretary 1hr/wk	0	0	0
Cynthia Yevich, 19 N.Main St. Wilkes-Barre, PA 18711	Ex. Dir. 10+hrs/wk	31,756	4,588	

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				
Total number of other employees paid over \$50,000				

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
None		

Total number of others receiving over \$50,000 for professional services ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 The Foundation was formed to provide grants to §501(c)(3) operating foundations.	79,319
2 -----	
3 -----	
4 -----	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
1 -----	
2 -----	
3 All other program-related investments. See instructions. -----	
Total. Add lines 1 through 3 ▶	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	109,146
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	109,146
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	109,146
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see instructions)	4	1,637
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	107,509
6	Minimum investment return. Enter 5% of line 5	6	5,375

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	5,375
2a	Tax on investment income for 2011 from Part VI, line 5	2a	5
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	5
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	5,370
4	Recoveries of amounts treated as qualifying distributions	4	34,685
5	Add lines 3 and 4	5	40,055
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	40,055

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	209,729
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	209,729
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	5
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	209,724

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				40,055
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			0	
b Total for prior years: 20__ , 20__ , 20__		0		
3 Excess distributions carryover, if any, to 2011:				
a From 2006	1,732,068			
b From 2007	1,422,503			
c From 2008	1,010,234			
d From 2009	972,345			
e From 2010	353,949			
f Total of lines 3a through e	5,491,099			
4 Qualifying distributions for 2011 from Part XII, line 4: ▶ \$ <u>209,729</u>				
a Applied to 2010, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions)		0		
c Treated as distributions out of corpus (Election required—see instructions)	0			
d Applied to 2011 distributable amount				40,055
e Remaining amount distributed out of corpus	169,674			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	0			0
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	5,660,773			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see instructions		0		
e Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	1,732,068			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	3,928,705			
10 Analysis of line 9:				
a Excess from 2007	1,422,503			
b Excess from 2008	1,010,234			
c Excess from 2009	972,345			
d Excess from 2010	353,949			
e Excess from 2011	169,674			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

- 1a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, enter the date of the ruling ▶
- b** Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					0
b 85% of line 2a	0	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed					0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	0	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter ² / ₃ of minimum investment return shown in Part X, line 6 for each year listed					0
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)

- 1 Information Regarding Foundation Managers:**
- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

- 2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**
- Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

- a** The name, address, and telephone number of the person to whom applications should be addressed:

Cynthia Yevich, 19 North Main Street, Wilkes-Barre, PA 18711 (570)200-6305

- b** The form in which applications should be submitted and information and materials they should include:

See attached statement

- c** Any submission deadlines:
Submissions are due 1st day of Feb., May, Aug. or Nov. for awards.

- d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

See attached statement

Part XV **Supplementary Information (continued)**

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
See attached statement				
Lycoming Co. United Way 1225 South Clayton Ave. Williamsport, PA 17701	N/A	Pub	Low income dental	201,299
				8,430
Total				3a 209,729
b <i>Approved for future payment</i>				
Total				3b 0

Hospital Service Association of Northeastern Pennsylvania Foundation
19 North Main Street
Wilkes-Barre, PA 18711
EIN: 23-3101673
Attachment to Form 990-PF for 2011

Part 1, Line 18:
 Payroll Taxes \$3,266

Part 1, Line 23:
 PA Bureau of Charitable Org License Fee \$ 150

Part VII-B, Lines 1a(3),(4), 1b- Services From a Disqualified Person:
 Hospital Service Association of Northeastern Pennsylvania employees provide services related to the operation of the organization at cost or without charge that do not constitute acts of self-dealing under §4941(d)(2)(C).

Part VIII, Line 1 – List of Additional Officers, Directors, Trustees and Foundation Managers:

(a) Name and Address:	(b) Title/Hours	(c) Compensation	(d),(e)
John P. Moses 387 E. South St., Wilkes-Barre PA 18701	Chairman 1 hour/month	0	0
Alan S. Hollander 137 James St., Kingston, PA 18704	Director 1 hour/month	0	0
Judith O. Graziano 19 N. Main St., Wilkes-Barre, PA 18711	Director 1 hour/month	0	0
John J. Menapace 1012 Woodland, Clarks-Summit, PA 18411	Director 1 hour/month	0	0
Paul H. Rooney, Jr. 19 N. Main St., Wilkes-Barre, PA 18711	Director 1 hour/month	0	0
Sr. M. Martin de Porres McHale 19 N. Main St., Wilkes-Barre, PA 18711	Director 1 hour/month	0	0
Bruce Sickel 19 N. Main St., Wilkes-Barre, PA 18711	Asst. Treas. 1 hour/week	0	0

HSA of Northeastern Pennsylvania Foundation – 990PF

Part XV, Line 2 – Information Regarding Grants

(A)

- Eligible organizations must demonstrate their tax classification as described in Internal Revenue Service Code, Section 501(c)(3) and Section 509(a).
- Eligible organizations must be located or operating within Blue Cross of Northeastern Pennsylvania's 13-county service area. Programs must benefit residents of those counties.
- Grants will be awarded only for specific community-focused projects or program initiatives. Requests for operating or general support will not be considered.
- The Foundation awards grants in three categories: Mini-Grants for general health education/prevention and human services projects; Impact Grants for projects that address the root causes of specific diseases and health conditions; and Access to Health Care Grants for projects that provide direct services to the un- and underinsured. Minimum grant amount is \$2,500.
- Grants will be awarded for a period of one year. Multi-year requests will not be considered.
- Consecutive year approvals will be decided on the strength of demonstrated outcomes.
- Grantee organizations may not receive additional funding until all funds from existing grant awards have been expended, in full, and outcomes have been demonstrated. During the 12-month grant period, however, grantee organizations may serve as collaborators on other projects.

All requests must be submitted in writing and include the following:

1. A completed grant application signed by the organization's representative.
2. A formal proposal that describes the project purpose and demonstrates the need for and relevance of the project. The narrative must include:
 - A detailed description of the goals and outcomes of the project.
 - Evidence of the measurement tools that will be used to evaluate the success of the project.
 - Detailed project timeline and work plan.
 - Project sustainability plan.
3. An itemized budget that includes any in-kind services or matching funds secured for the project. The budget must clearly demonstrate how funding from The Blue Ribbon Foundation will be used.
4. An IRS determination letter of tax exempt charitable status under Section 501(c)(3) and proof that the organization is not a private foundation as defined in Section 509(a) of the IRS Code. The letter must include the organization's employer identification number.
5. A brief written description of the organization's purpose, history and accomplishments.
6. Financial statements (audited, if available) for the most recent fiscal year. If applicable, Form 990 (combined federal and state charitable report) should be included.

7. An operating budget for the current year and a proposed budget for the next year for the organization.
8. A list of corporations and foundations that support the organization and the most recent amounts contributed.
9. The names and affiliations of the organization's board of directors.

(B)

Impact Grants – Organizations are invited to submit proposals in the following categories: Behavioral Health Awareness, Cancer Awareness, Cardiovascular Disease Awareness, Diabetes Awareness, Drug, Alcohol or Tobacco Awareness, and Overweight and Obesity Awareness.

Mini-Grants – Organizations are invited to submit proposals in the following categories: Healthy Children and Families, Health Education and Prevention, and Human Services.

Access to Health Care for the Uninsured and Underinsured Grants – Organizations are invited to submit proposals in the following categories: Unfunded Pharmaceutical Needs, Medical Supplies, Medical Personnel, Diagnostic Testing, Translation Services and Dental Needs.

GRANTS PAID DURING THE YEAR 2011

Name and Address	Individual/ Relationship	Status	Purpose	Amount
American Lung Association of Pennsylvania Marywood University Center for Healthy Families, Room 120 Scranton, PA 18509	N/A	Public	Fund COPD education for hospital staff, lung disease patients and caregivers	\$4,000.00
American Red Cross of the Poconos 410 Park Avenue Stroudsburg, PA 18360	N/A	Public	Fund emergency preparedness workshops for 4 th and 5 th grade students	\$6,488.00
Bradford County United Way PO Box 106 Towanda, PA 18848	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$7,171.00
Boys & Girls Club of NEPA 609 Ash Street Scranton, PA 18510	N/A	Public	Fund personal safety education for low-income children	\$5,000.00
Burn Prevention Foundation 236 N. 17th Street Allentown, PA 18104	N/A	Public	Fund fire safety education for 5 th through 8 th grade students in BCNEPA's service area	\$5,500.00
Clinton County United Way 220 N. Jay Street PO Box 287 Lock Haven, PA 17745	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$2,895.00
Employment Opportunity & Training Center of Northeastern Pennsylvania 116 North Washington Avenue, Suite 3D Scranton, PA 18503	N/A	Public	Fund parenting education for at-risk families	\$5,595.00
Greater Weatherly Area Community Chest PO Box 545 Lehighton, PA 18235	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Infant Development Program 980 East Water Street Lock Haven, PA 17745	N/A	Public	Fund parenting education for at-risk families	\$5,000.00
Lycoming County United Way 1225 South Clayton Avenue Williamsport, PA 17701	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$13,036.00
Mansfield Area United Fund PO Box 454 Mansfield, PA 16933	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Northeast Regional Cancer Institute 334 Jefferson Avenue Scranton, PA 18510	N/A	Public	Fund cancer screening and patient navigation program for un/underinsured individuals	\$8,372.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Ruth's Place PO Box 254 Wilkes-Barre, PA 18703	N/A	Public	Fund trauma services for homeless women	\$9,750.00
Tioga Dental Services 34 E. Lawrence Road Lawrenceville, PA 16929	N/A	Public	Fund dental services for un/underinsured children	\$9,900.00
United Way of Carbon County PO Box 545 Lehighton, PA 18235	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
United Way of Greater Hazleton 134 South Wyoming Street Hazleton, PA 18201	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$7,748.00
United Way of Lackawanna and Wayne Counties 615 Jefferson Avenue, PO Box 526 Scranton, PA 18510	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$34,142.00
United Way of Monroe County Route 715 and Warner Road PO Box 790 Tannersville, PA 18372	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$12,303.00
United Way of Pike County PO Box 806 Milford, PA 18337	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$3,497.00
United Way of Susquehanna County PO Box 365 New Milford, PA 18834	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$3,340.00
United Way of Wyoming Valley 450 Mellon Bank Center 8 West Market Street Wilkes-Barre, PA 18711	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$30,974.00
United Way of Wyoming Valley 450 Mellon Bank Center 8 West Market Street Wilkes-Barre, PA 18711	N/A	Public	Fund behavioral health education for childcare providers	\$5,000.00
Volunteers in Medicine 190 N. Pennsylvania Avenue Wilkes-Barre, PA 18702	N/A	Public	Fund diagnostic testing for the un/underinsured	\$10,000.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Wellsboro Area United Fund 58 East Avenue Wellsboro, PA 16901	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Women's Resources of Monroe County PO Box 645 215 W. Main Street Delaware Water Gap, PA 18327	N/A	Public	Fund safety planning for at-risk women and their children	\$5,000.00
Wyoming County United Way 119 Warren Street PO Box 399 Tunkhannock, PA 18657	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$2,588.00
			Total	\$201,299.00

Schedule of Contributors

2011

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

Name of the organization

Employer identification number

Hospital Service Association of N.E. PA Foundation

23-3101673

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Hospital Service Association of N.E. PA Foundation	Employer identification number 23-3101673
---	---

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Hospital Service Assn. of N.E. PA 19 North Main Street Wilkes-Barre, PA 18711	\$ 280,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)



Commonwealth of Pennsylvania
Department of State

Bureau of Charitable Organizations
207 North Office Building
Harrisburg, Pennsylvania 17120
Telephone: (717) 783-1720
(800) 732-0999 (within PA only)
Fax: (717) 783-6014
Website: www.dos.state.pa.us/charities
Tracy L. McCurdy, Director

For Official Use Only	
Approved:	_____
RF:	_____
AF:	_____
LF:	_____
Fee Received:	_____

Charitable Organization Registration Statement – Form BCO-10

Check if registering voluntarily
(See note under "important information")

Certificate Number: 29419
(Renewals Only)

Fiscal Year Ended: 12/31/2011

Employer Identification Number (EIN): 23-3101673

1. Legal name of organization: Hospital Service Assn. of N.E. PA Foundation

Check if name change Previous name: _____

2. All other names used to solicit contributions: None

3. Contact person: Cynthia Yevich

Contact's E-mail: cynthia.yevich@bcnepa.com

Physical address of organization: (Required) Mailing address: (if different than physical)

19 North Main Street _____

City: Wilkes-Barre City: _____

State: PA Zip code: 18711 State: _____ Zip code: _____

County: Luzerne 800 number: _____

Phone number: (570) 200-6305 Fax number: (570) 200-6699

E-mail (if different that Contact's E-mail): _____

Website: www.bcnepa.com/cebrfoundation.aspx

4. Names, addresses, and telephone numbers of all offices, chapters, branches, auxiliaries, affiliates, or other subordinate units located in Pennsylvania: (Attach separate sheet if necessary)

None

5. For Organizations described in Section 162.7(a) of the Act, check section that describes organization: (See footnote #2 of instructions. Volunteer registrants do not respond.)

- 162.7(a)(1) 162.7(a)(2)
162.7(a)(3) 162.7(a)(4) Not Applicable

6. List type of organization (e.g. corporation, association, etc.): Corporation
Where established: Pennsylvania Date established:** 12/10/01
**(Initial registrants must submit copies of organizational documents such as charter, articles of incorporation, constitution, or other organizational instrument, and by-laws.)

7. Is any person compensated, or do you intend to compensate any person, for soliciting contributions in Pennsylvania, including employees of the organization and professional solicitors? Yes No (Do not check "Yes" if you only use or intend to only use a professional fundraising counsel.)

If "Yes", give date person or entity started or will start soliciting contributions from Pennsylvania residents. _____

Items 8 and 9 are required to be completed by initial registrants only

8. Date organization first solicited contributions from Pennsylvania residents:

9. If organization solicited Pennsylvania residents and received *gross** contributions totaling more than \$25,000 during the fiscal year covered by this registration statement, or during its current fiscal year, give date contributions first totaled more than \$25,000. _____

*Includes contributions received both within and outside Pennsylvania

10. Has organization been granted IRS tax-exempt status? Yes No (If "Yes", please submit copy of IRS exemption letter if not previously submitted.)

A. If "Yes", under which IRS code section: 501(c)(3)

B. Has organization's tax-exempt status ever been denied, revoked, or modified? Yes No (If "Yes" attach copy of denial, revocation, or modification.)

11. Was the organization required to file an IRS 990 return and applicable schedules for its most recently completed fiscal year? Yes No

(If "No", attach explanation of why organization is exempt from filing an IRS 990 return. An organization that is not required to file an IRS 990 return must file a Pennsylvania public disclosure form BCO-23. This includes an organization that files a 990N, 990EZ, or 990PF.)

12. A clear description of the specific programs for which contributions will be used, and a statement whether such programs are planned or in existence:

Contributions are currently used exclusively to provide grants
to organizations exempt under IRC §501(c)(3) or organizations
performing an exempt governmental function.

13. Manner in which contributions are solicited (e.g. direct mail, telephone, internet, etc.):

The foundation is not currently soliciting contributions but is
funded by its founding member, Hospital Service Association of
Northeastern Pennsylvania (HSA). HSA has informally contacted
another Blue Cross plan to participate in the foundation.

14. Is organization registered to solicit contributions in any other state or municipality? Yes No (If "Yes", list all states and municipalities. Attach separate sheet if necessary.)

15. Names, addresses, and telephone numbers of all professional solicitors you use or intend to use to solicit contributions from Pennsylvania residents. For each entry, include the beginning and ending dates of all contracts, and dates Pennsylvania residents were first solicited, or will be solicited: (Attach separate sheet if necessary)

None

16. Names, addresses, and telephone numbers of all professional fundraising counsels you use or intend to use to provide services with respect to the solicitation of contributions from Pennsylvania residents. For each entry, include the beginning and ending dates of all contracts, and dates services began, or will begin, with respect to soliciting contributions from Pennsylvania residents: (Attach separate sheet if necessary)

None

17. Names, addresses, and telephone numbers of any commercial coventurers under contract with your organization:

None

18. If you are a parent organization located in Pennsylvania, do you elect to file a combined registration covering all of your Pennsylvania affiliates?

Yes No Not Applicable (See note under "important information")

If "Yes", give all names and certificate numbers of your affiliate organizations:
(For each affiliate whose parent organization files a Form IRS 990 group return, it must file a form BCO-23, in addition to filing a copy of the organization's Form IRS 990 return.)

19. Are you a Pennsylvania affiliate of a parent organization, which elected to file a combined registration on your behalf? Yes No (See note under "important information")

If "Yes", provide the name and, if available, certificate # of your parent organization. (For each affiliate whose parent organization files a Form IRS 990 group return, it must file a form BCO-23, in addition to filing a copy of the organization's Form IRS 990 return.)

(Legal name of parent organization)

(Certificate #)

20. Does your organization share contributions or other revenue with any other nonprofit corporation or unincorporated association? Yes No (If "Yes", attach an explanation listing name, address, type of organization, and relationship to your organization.)

21. Does your organization share formal governance with any other nonprofit corporation or unincorporated association? Yes No (If "Yes", attach an explanation listing name, address, type of organization, and relationship to your organization.)

22. Does any other domestic or foreign organization own a 10% or greater interest in your organization? Yes No (If "Yes", attach the following information for each other domestic or foreign organization: name and type of organization, whether organization is for-profit or nonprofit, and relationship of organization to your organization.)

23. Does your organization own a 10% or greater interest in any other domestic or foreign organization? Yes No (If "Yes", attach the following information for each other domestic or foreign organization: name and type of organization, whether organization is for-profit or nonprofit, and relationship of organization to your organization.)

24. Provide the names and addresses of all officers, directors, trustees, and principal salaried executive staff officers: (Attach separate sheet if necessary)

See attached statement

25. Names and addresses for: (Attach separate sheet if necessary)

A. Individual(s) in charge of solicitation activities:

See attached statement

B. Individual(s) with final responsibility for the custody of contributions:

C. Individual(s) with final responsibility for final distribution of contributions:

D. Individual(s) responsible for custody of financial records:

26. If you answer "Yes" to any of the following, attach a list of related individuals with names, business, and residence addresses of related parties. Are any officers, directors, trustees, or employees related by blood, marriage, or adoption to:

A. Any other officer, director, trustee, or employee? Yes No

B. Any officer, agent, or employee of any professional fundraising counsel or solicitor under contract with organization? Yes No

C. Any supplier or vendor providing goods or services? Yes No

27. If you answer "Yes" to any of the following, attach full written explanations, including reasons for actions, and copies of all relevant documents. Has organization or any of its present officers, directors, executive personnel, trustees, employees, or fundraisers:

A. Been found to have engaged in unlawful practices in the solicitation of contributions or administration of charitable assets or been enjoined from soliciting contributions or are such proceedings pending in this or any other jurisdiction? Yes No

B. Had its registration or license to solicit contributions denied, suspended, or revoked by any governmental agency? Yes No

C. Entered into any legally enforceable agreement such as a consent agreement, an assurance of voluntary compliance or discontinuance with any district attorney, Office of Attorney General, or other local or state governmental agency? Yes No

I certify that the information provided in this registration, including all statements and documentation, is true and correct. I understand that the falsification of any statement or documentation is subject to criminal penalties for unsworn falsifications pursuant to 18 PA. C.S. § 4904.

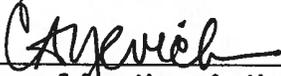


Signature of Chief Fiscal Officer

Date 2/28/12

William J. Farrell, CFO

Type or Print Name and Title of Chief Fiscal Officer



Signature of Another Authorized Officer

Date 2/28/12

Cynthia Yevich, Exec. Director

Type or Print Name and Title of Another Authorized Officer

Checklist

- Original Registration Statement Properly Signed and Dated
- A Copy of Form IRS 990 Return and Required Schedules Signed and Dated by an Authorized Officer
- Form BCO-23, if Required
- Applicable Financial Statements
- Registration Fee and any Late Filing Fees
- Additional Filings, if an Initial Registrant

Hospital Service Association of Northeastern Pennsylvania Foundation
19 North Main Street
Wilkes-Barre, PA 18711
EIN: 23-3101673
Certificate #29419
Attachment to Form BCO-10 for 2011

Question 21, 22:

The organization's incorporator and sole member is Hospital Service Association of Northeastern Pennsylvania, a Pennsylvania nonprofit hospital service corporation. The organization does not share formal governance with Hospital Service Association of Northeastern Pennsylvania but does have common directors and officers.

Question 24:

Denise S. Cesare, President, 19 N. Main St., Wilkes-Barre, PA 18711
Gertrude McGowan, Secretary, 19 N. Main St., Wilkes-Barre 18711
William Farrell, CFO, 19 N. Main St., Wilkes-Barre, PA 18711
Bruce Sickel, Asst. Treasurer, 19 N. Main St., Wilkes-Barre, PA 18711
Cynthia Yevich, Foundation Exec. Director, 19 N. Main St., Wilkes-Barre PA 18711
John P. Moses, Director, 387 E. South St., Wilkes-Barre PA 18701
Alan S. Hollander, Director, 137 James St., Kingston, PA 18704
Judith O. Graziano, Director, 19 N. Main St., Wilkes-Barre, PA 18711
John J. Menapace, Director, 1012 Woodland, Clarks-Summit, PA 18411
Paul H. Rooney, Jr., Director, 19 N. Main St., Wilkes-Barre, PA 18711
Sr. M. Martin de Porres McHale, 19 N. Main St., Wilkes-Barre, PA 18711
All phones: (570) 200-6305

Question 25:

(a) Individuals responsible for custody/distribution of contributions:

Denise S. Cesare, President, 19 N. Main St., Wilkes-Barre, PA 18711
Cynthia Yevich, Foundation Director, 19 N. Main St., Wilkes-Barre, PA 18711
William Farrell, CFO, 19 N. Main St., Wilkes-Barre, PA 18711
Bruce Sickel, Asst. Treasurer, 19 N. Main St., Wilkes-Barre, PA 18711

(b) Individuals responsible for solicitation activities:

Cynthia Yevich, Foundation Director, 19 N. Main St., Wilkes-Barre, PA 18711

(c) Individuals responsible for custody of financial records:

William Farrell, CFO, 19 N. Main St., Wilkes-Barre, PA 18711

Attachments:

Form BCO-23
Form 990-PF for 2011
Financial Statements for 2011

PENNSYLVANIA PUBLIC DISCLOSURE FORM BCO-23

ORGANIZATION NAME:	<u>Hospital Service Association of N.E. PA Foundation</u>		
CERTIFICATE NUMBER:	<u>29419</u>	FOR FISCAL YEAR ENDED:	<u>12/31/11</u>

Part I: Gross Contributions

1) General Contributions	1	
2) Gross Receipts from Special Events	2	
3) Contributions from Affiliates	3	280,000
4) Contributions Received from Federated Fundraising Organizations	4	
5) Receipts from Membership Dues in Excess of Bona Fide Dues	5	
6) Gross Contributions (add lines 1 through 5)	6	280,000

Part II: Other Income

7) Program Service Revenues	7	
8) Bona Fide Membership Dues and Assessments	8	
9) Government Grants and Contracts	9	
10) Miscellaneous Income	10	493
11) Total Income (add lines 6 through 10)	11	280,493

Part III: Expenses

12) Program Services	12	166,614
13) Administrative Expenses	13	75,791
14) Fundraising Expenses	14	
15) Payments to Affiliated Organizations	15	
16) Other Expenses from Special Events (other than fundraising expenses)	16	
17) Miscellaneous Expenses	17	
18) Total Expenses (add lines 12 through 17)	18	242,405

Part IV: Net Assets

19) Excess or (Deficit) for the Year (subtract line 18 from line 11)	19	38,088
20) Net Assets or Fund Balances at Beginning of Year	20	45,748
21) Other Changes in Net Assets or Fund Balances (attach explanation)	21	
22) Net Assets or Fund Balances at End of Year (combine lines 19, 20, and 21)	22	83,836

(See Next Page for "Salaries and Expense Allowance Statement")

Divider Page

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

Department of the Treasury
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

For calendar year 2012 or tax year beginning , 2012, and ending , 20

Name of foundation Hospital Service Association of N.E. PA Foundation		A Employer identification number 23-3101673
Number and street (or P.O. box number if mail is not delivered to street address) 19 North Main Street	Room/suite	B Telephone number (see instructions) (570) 200-6305
City or town, state, and ZIP code Wilkes-Barre, PA 18711		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ 188,319	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	342,000			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	351	351		
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		0		
	8 Net short-term capital gain				
	9 Income modifications			549	
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)	0				
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	342,351	351	549		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	7,836			10,453
	14 Other employee salaries and wages	7,234			9,650
	15 Pension plans, employee benefits	2,015			2,688
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	846			1,077
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 Total operating and administrative expenses. Add lines 13 through 23	17,931	0	0	23,868
	25 Contributions, gifts, grants paid	220,847			221,396
26 Total expenses and disbursements. Add lines 24 and 25	238,778	0	0	245,264	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	103,573				
b Net investment income (if negative, enter -0-)		351			
c Adjusted net income (if negative, enter -0-)			549		

For Paperwork Reduction Act Notice, see instructions.

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash—non-interest-bearing		90,683	188,319	188,319
	2	Savings and temporary cash investments				
	3	Accounts receivable ▶ Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶ Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments—U.S. and state government obligations (attach schedule)				
	b	Investments—corporate stock (attach schedule)				
	c	Investments—corporate bonds (attach schedule)				
	11	Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶				
	12	Investments—mortgage loans				
	13	Investments—other (attach schedule)				
	14	Land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶				
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)		90,683	188,319	188,319	
Liabilities	17	Accounts payable and accrued expenses		6,847	910	
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)		6,847	910		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>					
	27	Capital stock, trust principal, or current funds		83,836	187,409	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund				
29	Retained earnings, accumulated income, endowment, or other funds					
30	Total net assets or fund balances (see instructions)		83,836	187,409		
31	Total liabilities and net assets/fund balances (see instructions)		90,683	188,319		

Part III Analysis of Changes in Net Assets or Fund Balances			
1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	83,836
2	Enter amount from Part I, line 27a	2	103,573
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	187,409
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	187,409

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(l) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				
2	Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		3

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2011	209,724	107,509	1.9508
2010	409,111	92,025	4.4457
2009	1,029,321	332,539	3.0953
2008	1,089,647	1,243,362	0.8764
2007	1,555,284	2,706,498	0.5746

2	Total of line 1, column (d)	2	10.9428
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	2.1886
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	144,679
5	Multiply line 4 by line 3	5	316,644
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	4
7	Add lines 5 and 6	7	316,648
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	245,264

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	7
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	7
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	7
6	Credits/Payments:		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	184
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	184
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	177
11	Enter the amount of line 10 to be: Credited to 2013 estimated tax 177 Refunded	11	0

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		x
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		x
1c Did the foundation file Form 1120-POL for this year?		x
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ <u>0</u> (2) On foundation managers. ▶ \$ <u>0</u>		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ <u>0</u>		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		x
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes.</i>		x
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		x
4b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		x
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	x	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	x	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ Pennsylvania		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	x	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		x
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	x	

Part VII-A Statements Regarding Activities (continued)				
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► www.bcnepa.com/cebrfoundation.aspx	13	X	
14	The books are in care of ► William Farrell Telephone no. ► (570) 200-6360 Located at ► 19 N. Main St., Wilkes-Barre, PA ZIP+4 ► 18711			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. and enter the amount of tax-exempt interest received or accrued during the year	15		<input type="checkbox"/>
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required			Yes	No
File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.				
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1b		X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	If "Yes," did it have excess business holdings in 2012 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.</i>)	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **5b** Yes No

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** Yes No

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** Yes No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Denise S. Cesare, 19 N. Main St. Wilkes-Barre, PA 18711	President <1hr/wk	0	0	0
William Farrell, 19 N. Main St. Wilkes-Barre, PA 18711	CFO & Treas. <1hr/wk	0	0	0
Gertrude McGowan, 19 N. Main St. Wilkes-Barre, PA 18711	Secretary <1hr/wk	0	0	0
Cynthia Yevich, 19 N. Main St. Wilkes-Barre, PA 18711	Ex. Director 2hr/wk	10,453	1,398	0

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services		▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 The Foundation is operated to provide grants to §501(c)(3) operating exempt organizations.	23,868
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1	
2	
3 All other program-related investments. See Instructions.	
Total. Add lines 1 through 3	
	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	146,882
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	146,882
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	146,882
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	2,203
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	144,679
6	Minimum investment return. Enter 5% of line 5	6	7,234

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	7,234
2a	Tax on investment income for 2012 from Part VI, line 5	2a	7
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	7
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	7,227
4	Recoveries of amounts treated as qualifying distributions	4	549
5	Add lines 3 and 4	5	7,776
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	7,776

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	245,264
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	245,264
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	7
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	245,257

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				7,776
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only			0	
b Total for prior years: 20____,20____,20____		0		
3 Excess distributions carryover, if any, to 2012:				
a From 2007	1,422,503			
b From 2008	1,010,234			
c From 2009	972,345			
d From 2010	353,949			
e From 2011	169,674			
f Total of lines 3a through e	3,928,705			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$ <u>245,264</u>				
a Applied to 2011, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions)		0		
c Treated as distributions out of corpus (Election required—see instructions)	0			
d Applied to 2012 distributable amount				7,776
e Remaining amount distributed out of corpus	237,448			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	0			0
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	4,166,153			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see instructions		0		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	1,422,503			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	2,743,650			
10 Analysis of line 9:				
a Excess from 2008	1,010,234			
b Excess from 2009	972,345			
c Excess from 2010	353,949			
d Excess from 2011	169,674			
e Excess from 2012	237,448			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					0
b 85% of line 2a	0	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed					0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	0	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					0
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:
a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:
 Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

Cynthia Yevich, 19 North Main Street, Wilkes-Barre, PA 18711 (570) 200-6305

b The form in which applications should be submitted and information and materials they should include:

See attached statement

c Any submission deadlines:

Submissions are due 1st day of Feb., May., Aug. or Nov. for awards

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

See attached statement

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<p>a Paid during the year</p> <p>See attached schedule</p>				
Total ▶				3a 0
<p>b Approved for future payment</p> <p>None</p>				
Total ▶				3b 0

Hospital Service Association of Northeastern Pennsylvania Foundation
19 North Main Street
Wilkes-Barre, PA 18711
EIN: 23-3101673
Attachment to Form 990-PF for 2012

Part 1, Line 18:

Payroll Taxes	\$696
PA Bureau of Charitable Org License Fee	<u>\$150</u>
Total	<u>\$846</u>

Part VII-B, Lines 1a(3),(4), 1b- Services From a Disqualified Person:

Hospital Service Association of Northeastern Pennsylvania employees provide services related to the operation of the organization at cost or without charge that do not constitute acts of self-dealing under §4941(d)(2)(C).

Part VIII, Line 1 – List of Additional Officers, Directors, Trustees and Foundation Managers:

(a) Name and Address:	(b) Title/Hours	(c) Compensation	(d),(e)
John P. Moses	Chairman		
387 E. South St., Wilkes-Barre PA 18701	1 hour/month	0	0
Alan S. Hollander	Director		
137 James St., Kingston, PA 18704	1 hour/month	0	0
Judith O. Graziano	Director		
19 N. Main St., Wilkes-Barre, PA 18711	1 hour/month	0	0
John J. Menapace	Director		
1012 Woodland, Clarks-Summit, PA 18411	1 hour/month	0	0
Paul H. Rooney, Jr.	Director		
19 N. Main St., Wilkes-Barre, PA 18711	1 hour/month	0	0
Sr. M. Martin de Porres McHale	Director		
19 N. Main St., Wilkes-Barre, PA 18711	1 hour/month	0	0
Bruce Sickel	Asst. Treas.		
19 N. Main St., Wilkes-Barre, PA 18711	<1 hour/week	0	0

HSA of Northeastern Pennsylvania Foundation – 990PF

Part XV, Line 2 – Information Regarding Grants

(A)

- Eligible organizations must demonstrate their tax classification as described in Internal Revenue Service Code, Section 501(c)(3) and Section 509(a).
- Eligible organizations must be located or operating within Blue Cross of Northeastern Pennsylvania's 13-county service area. Programs must benefit residents of those counties.
- Grants will be awarded only for specific community-focused projects or program initiatives. Requests for operating or general support will not be considered.
- The Foundation awards grants in three categories: Mini-Grants for general health education/prevention and human services projects; Impact Grants for projects that address the root causes of specific diseases and health conditions; and Access to Health Care Grants for projects that provide direct services to the un- and underinsured. Minimum grant amount is \$2,500.
- Grants will be awarded for a period of one year. Multi-year requests will not be considered.
- Consecutive year approvals will be decided on the strength of demonstrated outcomes.
- Grantee organizations may not receive additional funding until all funds from existing grant awards have been expended, in full, and outcomes have been demonstrated. During the 12-month grant period, however, grantee organizations may serve as collaborators on other projects.

All requests must be submitted in writing and include the following:

1. A completed grant application signed by the organization's representative.
2. A formal proposal that describes the project purpose and demonstrates the need for and relevance of the project. The narrative must include:
 - A detailed description of the goals and outcomes of the project.
 - Evidence of the measurement tools that will be used to evaluate the success of the project.
 - Detailed project timeline and work plan.
 - Project sustainability plan.
3. An itemized budget that includes any in-kind services or matching funds secured for the project. The budget must clearly demonstrate how funding from The Blue Ribbon Foundation will be used.
4. An IRS determination letter of tax exempt charitable status under Section 501(c)(3) and proof that the organization is not a private foundation as defined in Section 509(a) of the IRS Code. The letter must include the organization's employer identification number.
5. A brief written description of the organization's purpose, history and accomplishments.
6. Financial statements (audited, if available) for the most recent fiscal year. If applicable, Form 990 (combined federal and state charitable report) should be included.

7. An operating budget for the current year and a proposed budget for the next year for the organization.
8. A list of corporations and foundations that support the organization and the most recent amounts contributed.
9. The names and affiliations of the organization's board of directors.

(B)

Impact Grants – Organizations are invited to submit proposals in the following categories: Behavioral Health Awareness, Cancer Awareness, Cardiovascular Disease Awareness, Diabetes Awareness, Drug, Alcohol or Tobacco Awareness, and Overweight and Obesity Awareness.

Mini-Grants – Organizations are invited to submit proposals in the following categories: Healthy Children and Families, Health Education and Prevention, and Human Services.

Access to Health Care for the Uninsured and Underinsured Grants – Organizations are invited to submit proposals in the following categories: Unfunded Pharmaceutical Needs, Medical Supplies, Medical Personnel, Diagnostic Testing, Translation Services and Dental Needs.

GRANTS PAID DURING THE YEAR 2012

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Blue Mountain Health System 211 N. 12 th Street Lehighton, PA 18235	N/A	Public	Fund mammograms and diagnostic ultrasounds for uninsured women	\$9,975.00
Clinton County United Way 220 N. Jay Street PO Box 287 Lock Haven, PA 17745	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$2,895.00
Greater Weatherly Area Community Chest PO Box 545 Lehighton, PA 18235	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Infant Development Program 980 East Water Street Lock Haven, PA 17745	N/A	Public	Fund exercise and nutrition education for pre-school aged children	\$7,000.00
Luzerne County Community College Foundation 1333 S. Prospect Street Nanticoke, PA 18634	N/A	Public	Fund dental services for uninsured and underinsured children and adults	\$8,000.00
Lycoming County United Way 1225 South Clayton Avenue Williamsport, PA 17701	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$13,036.00
Mansfield Area United Fund PO Box 454 Mansfield, PA 16933	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Maternal and Family Health Services, Inc. 15 Public Square Suite 600 Wilkes-Barre, PA 18701	N/A	Public	Fund prenatal case management program for high risk, uninsured and underinsured women	\$8,950.00
North Penn Comprehensive Health Services 114 East Avenue Wellsboro, PA 16901	N/A	Public	Fund diabetes screenings and testing for uninsured and underinsured individuals	\$10,000.00
Pocono Services for Families and Children 212 W. 4 th Street East Stroudsburg, PA 18301	N/A	Public	Fund health literacy education for at-risk families	\$6,000.00
Scranton Primary Health Care Center, Inc. PO Box 31 959 Wyoming Avenue Scranton, PA 18501	N/A	Public	Fund immunizations for uninsured and underinsured patients	\$10,000.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Susquehanna Community Health & Dental Center 469-471 Hepburn Street Williamsport, PA 17701	N/A	Public	Fund immunizations for uninsured and underinsured patients	\$10,000.00
United Way of Bradford County PO Box 106 Towanda, PA 18848	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$7,171.00
United Way of Carbon County PO Box 545 Lehighton, PA 18235	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
United Way of Greater Hazleton 134 South Wyoming Street Hazleton, PA 18201	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$7,748.00
United Way of Lackawanna and Wayne Counties 615 Jefferson Avenue, PO Box 526 Scranton, PA 18510	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$34,142.00
United Way of Monroe County Route 715 and Warner Road PO Box 790 Tannersville, PA 18372	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$12,303.00
United Way of Pike County PO Box 806 Milford, PA 18337	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$3,497.00
United Way of Susquehanna County PO Box 365 New Milford, PA 18834	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$3,340.00
United Way of Wyoming Valley 450 Mellon Bank Center 8 West Market Street Wilkes-Barre, PA 18711	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$30,974.00
University of Scranton 800 Linden Street Scranton, PA 18510	N/A	Public	Fund pharmaceutical and medical supplies for uninsured and underinsured individuals	\$10,000.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Valley Prevention Services 520 West Fourth Street, Suite 2B Williamsport, PA 17701	N/A	Public	Fund drug and alcohol prevention education for elementary students	\$5,500.00
Wellsboro Area United Fund 58 East Avenue Wellsboro, PA 16901	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Wilkes-Barre Family YMCA 40 W. Northampton Street Wilkes-Barre, PA 18701	N/A	Public	Fund exercise and nutrition education for at-risk children	\$9,710.00
Women's Resource Center, Inc. PO Box 975 Scranton, PA 18501	N/A	Public	Fund safety planning for at-risk women and their children	\$4,567.00
Wyoming County United Way 119 Warren Street PO Box 399 Tunkhannock, PA 18657	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$2,588.00
			Total	\$221,396.00

Schedule of Contributors

2012

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

Name of the organization	Employer identification number
Hospital Service Association of N.E. PA Foundation	23-3101673

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

- 501(c)() (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Hospital Service Association of N.E. PA Foundation	Employer identification number 23-3101673
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Hospital Service Association of N.E. PA 19 North Main Street Wilkes-Barre, PA 18711	\$ 242,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	Highmark, Inc. 120 Fifth Avenue Pittsburgh, PA 15222	\$ 100,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Divider Page

Return of Private Foundation
or Section 4947(a)(1) Trust Treated as Private Foundation

Department of the Treasury
Internal Revenue Service

▶ Do not enter Social Security numbers on this form as it may be made public.
▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

For calendar year 2013 or tax year beginning , 2013, and ending , 20

Name of foundation Hospital Service Association of N.E. PA Foundation		A Employer identification number 23-3101673
Number and street (or P.O. box number if mail is not delivered to street address) 19 North Main Street	Room/suite	B Telephone number (see instructions) (570) 200-6305
City or town, state or province, country, and ZIP or foreign postal code Wilkes-Barre, PA 18711		C If exemption application is pending, check here ▶ <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here . . . ▶ <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation . . . ▶ <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here . . . ▶ <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 89,749	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . . . ▶ <input type="checkbox"/>
(Part I, column (d) must be on cash basis.)		

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	250,000			
	2 Check ▶ <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	370	370		
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		0		
	8 Net short-term capital gain				
	9 Income modifications			1,363	
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)	0				
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	250,370	370	1,363		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	7,846			7,602
	14 Other employee salaries and wages	8,470			8,207
	15 Pension plans, employee benefits	2,352			2,279
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	997			970
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 Total operating and administrative expenses. Add lines 13 through 23	19,665	0	0	19,058
	25 Contributions, gifts, grants paid	329,882			331,245
26 Total expenses and disbursements. Add lines 24 and 25	349,547	0	0	350,303	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	(99,177)				
b Net investment income (if negative, enter -0-)		370			
c Adjusted net income (if negative, enter -0-)			1,363		

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash—non-interest-bearing	188,319	89,749	89,749
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)				
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	188,319	89,749	89,749	
Liabilities	17 Accounts payable and accrued expenses	910	1,517	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	910	1,517	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	187,409	88,232	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 Total net assets or fund balances (see instructions)	187,409	88,232		
31 Total liabilities and net assets/fund balances (see instructions)	188,319	89,749		

Part III Analysis of Changes in Net Assets or Fund Balances		
1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	187,409
2 Enter amount from Part I, line 27a	2	(99,177)
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	88,232
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	88,232

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8			3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2012	245,257	144,679	1.6952
2011	209,724	107,509	1.9508
2010	409,111	92,025	4.4457
2009	1,029,321	332,539	3.0953
2008	1,089,647	1,243,362	0.8764
2 Total of line 1, column (d)			2 12.0634
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 2.4127
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5			4 154,723
5 Multiply line 4 by line 3			5 373,300
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 4
7 Add lines 5 and 6			7 373,304
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.			8 350,303

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

Table with 11 rows for excise tax calculations. Includes sub-rows 6a-6d for credits/payments. Total tax due is 0, overpayment is 170.

Part VII-A Statements Regarding Activities

Table with 10 rows of activity questions. Includes 'Yes' and 'No' columns. Marked 'Yes' for questions 1a, 1b, 1c, 2, 3, 4a, 4b, 5, 6, 7, 8b, 9, 10.

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		x
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		x
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► www.bcnepa.com/cebrfoundation.aspx	13	x	
14	The books are in care of ► <u>William Farrell</u> Telephone no. ► <u>(570) 200-6360</u> Located at ► <u>19 North Main Street, Wilkes-Barre, PA</u> ZIP+4 ► <u>18711</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year ► 15			
16	At any time during calendar year 2013, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No x

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? <input type="checkbox"/> Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	x
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2013?	1c	x
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2013 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2013.</i>)	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	x
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2013?	4b	x

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **5b**

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** X
If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Denise Cesare, 19 N. Main St., Wilkes-Barre, PA 18711	President <1hr/wk	0	0	0
William Farrell, 19 N. Main St., Wilkes-Barre, PA 18711	CFO & Treas. <1hr/wk	0	0	0
Gertrude McGowan, 19 N. Main St., Wilkes-Barre, PA 18711	Secretary <1hr/wk	0	0	0
Cynthia Yevich, 19 N. Main St., Wilkes-Barre, PA 18711	Ex. Director 2hr/wk	7,602	1,096	0

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
None		

Total number of others receiving over \$50,000 for professional services ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

Expenses

1 The Foundation is operated to provide grants to 501(c)(3) operating exempt organizations	19,058
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

Amount

1 None	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	157,079
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	157,079
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	157,079
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	2,356
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	154,723
6	Minimum investment return. Enter 5% of line 5	6	7,736

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	7,736
2a	Tax on investment income for 2013 from Part VI, line 5	2a	7
b	Income tax for 2013. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	7
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	7,729
4	Recoveries of amounts treated as qualifying distributions	4	1,363
5	Add lines 3 and 4	5	9,092
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	9,092

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	350,303
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	350,303
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	4
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	350,299

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				9,092
2 Undistributed income, if any, as of the end of 2013:				
a Enter amount for 2012 only			0	
b Total for prior years: 20__,20__,20__		0		
3 Excess distributions carryover, if any, to 2013:				
a From 2008	1,010,234			
b From 2009	972,345			
c From 2010	353,649			
d From 2011	169,674			
e From 2012	237,448			
f Total of lines 3a through e	2,743,350			
4 Qualifying distributions for 2013 from Part XII, line 4: ► \$ 350,303				
a Applied to 2012, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions)		0		
c Treated as distributions out of corpus (Election required—see instructions)	0			
d Applied to 2013 distributable amount				9,092
e Remaining amount distributed out of corpus	341,211			
5 Excess distributions carryover applied to 2013 (If an amount appears in column (d), the same amount must be shown in column (a).)	0			0
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	3,084,561			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see instructions		0		
e Undistributed income for 2012. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0			
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions)	1,010,234			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	2,074,327			
10 Analysis of line 9:				
a Excess from 2009	972,345			
b Excess from 2010	353,949			
c Excess from 2011	169,674			
d Excess from 2012	237,448			
e Excess from 2013	341,211			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

- 1a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2013, enter the date of the ruling ▶
- b** Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2013	(b) 2012	(c) 2011	(d) 2010	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					0
b 85% of line 2a	0	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed					0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	0	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					0
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)

- 1 Information Regarding Foundation Managers:**
- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

- 2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**
- Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

- a** The name, address, and telephone number or e-mail address of the person to whom applications should be addressed:

Cynthia Yevich, 19 North Main Street, Wilkes-Barre, PA 18711 (570)200-6305

- b** The form in which applications should be submitted and information and materials they should include:

See attached statement

- c** Any submission deadlines:

Submissions are due 1st day of Feb., May, Aug., or Nov., for awards

- d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

See attached statement

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p>a <i>Paid during the year</i></p> <p>See attached schedule</p>				<p>331,245</p>
<p>Total ▶</p>				<p>3a 331,245</p>
<p>b <i>Approved for future payment</i></p> <p>None</p>				
<p>Total ▶</p>				<p>3b 0</p>

Hospital Service Association of Northeastern Pennsylvania Foundation
19 North Main Street
Wilkes-Barre, PA 18711
EIN: 23-3101673
Attachment to Form 990-PF for 2013

Part 1, Line 18:

Payroll Taxes	\$847
PA Bureau of Charitable Org License Fee	<u>\$150</u>
Total	<u>\$997</u>

Part VII-B, Lines 1a(3),(4), 1b- Services From a Disqualified Person:

Hospital Service Association of Northeastern Pennsylvania employees provide services related to the operation of the organization at cost or without charge that do not constitute acts of self-dealing under §4941(d)(2)(C).

Part VIII, Line 1 – List of Additional Officers, Directors, Trustees and Foundation Managers:

(a) Name and Address:	(b) Title/Hours	(c) Compensation	(d),(e)
John P. Moses	Chairman		
387 E. South St., Wilkes-Barre PA 18701	1 hour/month	0	0
Alan S. Hollander	Director		
137 James St., Kingston, PA 18704	1 hour/month	0	0
Judith O. Graziano	Director		
19 N. Main St., Wilkes-Barre, PA 18711	1 hour/month	0	0
John J. Menapace	Director		
1012 Woodland, Clarks-Summit, PA 18411	1 hour/month	0	0
Paul H. Rooney, Jr.	Director		
19 N. Main St., Wilkes-Barre, PA 18711	1 hour/month	0	0
Sr. M. Martin de Porres McHale	Director		
19 N. Main St., Wilkes-Barre, PA 18711	1 hour/month	0	0
Bruce Sichel	Asst. Treas.		
19 N. Main St., Wilkes-Barre, PA 18711	<1 hour/week	0	0

HSA of Northeastern Pennsylvania Foundation – 990PF

Part XV, Line 2 – Information Regarding Grants

(A)

- Eligible organizations must demonstrate their tax classification as described in Internal Revenue Service Code, Section 501(c)(3) and Section 509(a).
- Eligible organizations must be located or operating within Blue Cross of Northeastern Pennsylvania's 13-county service area. Programs must benefit residents of those counties.
- Grants will be awarded only for specific community-focused projects or program initiatives. Requests for operating or general support will not be considered.
- The Foundation awards grants in three categories: Mini-Grants for general health education/prevention and human services projects; Impact Grants for projects that address the root causes of specific diseases and health conditions; and Access to Health Care Grants for projects that provide direct services to the un- and underinsured. Minimum grant amount is \$2,500.
- Grants will be awarded for a period of one year. Multi-year requests will not be considered.
- Consecutive year approvals will be decided on the strength of demonstrated outcomes.
- Grantee organizations may not receive additional funding until all funds from existing grant awards have been expended, in full, and outcomes have been demonstrated. During the 12-month grant period, however, grantee organizations may serve as collaborators on other projects.

All requests must be submitted in writing and include the following:

1. A completed grant application signed by the organization's representative.
2. A formal proposal that describes the project purpose and demonstrates the need for and relevance of the project. The narrative must include:
 - A detailed description of the goals and outcomes of the project.
 - Evidence of the measurement tools that will be used to evaluate the success of the project.
 - Detailed project timeline and work plan.
 - Project sustainability plan.
3. An itemized budget that includes any in-kind services or matching funds secured for the project. The budget must clearly demonstrate how funding from The Blue Ribbon Foundation will be used.
4. An IRS determination letter of tax exempt charitable status under Section 501(c)(3) and proof that the organization is not a private foundation as defined in Section 509(a) of the IRS Code. The letter must include the organization's employer identification number.
5. A brief written description of the organization's purpose, history and accomplishments.

6. Financial statements (audited, if available) for the most recent fiscal year. If applicable, Form 990 (combined federal and state charitable report) should be included.
7. An operating budget for the current year and a proposed budget for the next year for the organization.
8. A list of corporations and foundations that support the organization and the most recent amounts contributed.
9. The names and affiliations of the organization's board of directors.

(B)

Impact Grants – Organizations are invited to submit proposals in the following categories: Behavioral Health Awareness, Cancer Awareness, Cardiovascular Disease Awareness, Diabetes Awareness, Drug, Alcohol or Tobacco Awareness, and Overweight and Obesity Awareness.

Mini-Grants – Organizations are invited to submit proposals in the following categories: Healthy Children and Families, Health Education and Prevention, and Human Services.

Access to Health Care for the Uninsured and Underinsured Grants – Organizations are invited to submit proposals in the following categories: Unfunded Pharmaceutical Needs, Medical Supplies, Medical Personnel, Diagnostic Testing, Translation Services and Dental Needs.

GRANTS PAID DURING THE YEAR 2013

Name and Address	Individual/ Relationship	Status	Purpose	Amount
American Lung Association in Pennsylvania Marywood University 2300 Adams Avenue Scranton, PA 18509	N/A	Public	Fund education and medical supplies for uninsured and underinsured asthma patients	\$8,601.00
Blue Mountain Health System 211 North 12th Street Lehighton, PA 18235	N/A	Public	Fund dental services for uninsured and underinsured children	\$10,000.00
Children's Advocacy Center of NEPA 1710 Mulberry Street Scranton, PA 18510	N/A	Public	Fund child abuse prevention education and training for medical professionals and students.	\$6,050.00
Clinton County Healthy Communities Lock Haven University 114 Health Professions Building Lock Haven, PA 17745	N/A	Public	Fund dental services for uninsured and underinsured adults.	\$7,750.00
Clinton County United Way 220 N. Jay Street PO Box 287 Lock Haven, PA 17745	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$2,895.00
Diakon Lutheran Social Ministries 798 Hausman Road Suite 300 Allentown, PA 18104	N/A	Public	Fund health-related transportation assistance for older adults.	\$5,000.00
East Stroudsburg University Center for Research & Economic Development 562 Independence Road East Stroudsburg, PA 18301	N/A	Public	Fund speech-language-hearing screenings for pre-school aged children	\$6,731.00
Family Health Clinic of Barnes-Kasson Hospital, Dental Unit 2872 Turnpike Street Susquehanna, PA 18847	N/A	Public	Fund dental services for uninsured and underinsured children and adults	\$7,940.00
Goodwill Industries of NEPA 925 Prospect Avenue Scranton, PA 18505	N/A	Public	Fund exercise and nutrition education for individuals with disabilities	\$4,561.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Greater Carbondale YMCA 82 North Main Street Carbondale, PA 18407	N/A	Public	Fund exercise and nutrition education for uninsured and underinsured, at-risk individuals	\$10,000.00
Greater Pittston YMCA 10 North Main Street Pittston, PA 18640	N/A	Public	Fund exercise and nutrition education for low-income cancer survivors	\$10,200.00
Greater Scranton YMCA 706 North Blakely Street Dunmore, PA 18512	N/A	Public	Fund exercise and nutrition education for low-income children	\$7,200.00
Greater Weatherly Area Community Chest PO Box 44 Weatherly, PA 18255	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Greater Wilkes-Barre Association for the Blind 1825 Wyoming Avenue Exeter, PA 18643	N/A	Public	Fund education and vision screenings for older adults	\$5,800.00
Lycoming County United Way One West Third Street, Suite 208 Williamsport, PA 17701	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$13,036.00
Mansfield Area United Fund PO Box 454 Mansfield, PA 16933	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Marywood University 2300 Adams Avenue Scranton, PA 18509	N/A	Public	Fund speech-language-hearing screenings for pre-school aged children and delay identification education for pre-school teachers	\$12,589.00
Misericordia University 301 Lake Street Dallas, PA 18612	N/A	Public	Fund hearing screenings for pre-school aged children	\$11,026.00
Memorial Hospital, Inc. 91 Hospital Drive Towanda, PA 18848	N/A	Public	Fund home visitation services for first-time, low-income mothers and their babies	\$5,000.00
Northeast Regional Cancer Institute 334 Jefferson Avenue Scranton, PA 18510	N/A	Public	Fund colorectal cancer screenings for the uninsured and underinsured	\$5,000.00
North Penn Legal Services 33 North Main Street Suite 200 Pittston, PA 18640	N/A	Public	Fund education about elder abuse prevention for seniors and caregivers	\$3,100.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
Pennsylvania Elks Major Projects, Inc. 1460 Henderson Avenue Washington, PA 15301	N/A	Public	Fund home visitation and medical care coordination for special needs individuals	\$9,996.00
Pocono Alliance 912 Main Street Suite 300 Stroudsburg, PA 18360	N/A	Public	Fund anti-poverty education to promote the long term health of at-risk families	\$10,000.00
Pocono Family YMCA 809 Main Street Stroudsburg, PA 18360	N/A	Public	Fund exercise and nutrition education for physically and/or financially at-risk children	\$10,300.00
Scranton Lackawanna Human Development Agency 321 Spruce Street Scranton, PA 18503	N/A	Public	Fund anemia and blood lead screenings for poverty-level children	\$9,919.00
The Wright Center Medical Group 501 Madison Avenue Scranton, PA 18510	N/A	Public	Fund dental services for uninsured and underinsured children and adults	\$10,000.00
Trehab 36 Public Avenue PO Box 366 Montrose, PA 18801	N/A	Public	Fund medication safety education for older adults and caregivers	\$3,660.00
United Way of Bradford County PO Box 106 Towanda, PA 18848	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$8,641.00
United Way of Carbon County PO Box 545 Lehighton, PA 18235	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
United Way of Greater Hazleton 134 South Wyoming Street Hazleton, PA 18201	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$7,748.00
United Way of Lackawanna and Wayne Counties 615 Jefferson Avenue, PO Box 526 Scranton, PA 18510	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$34,658.00

Name and Address	Individual/ Relationship	Status	Purpose	Amount
United Way of Monroe County 135 Warner Road PO Box 790 Tannersville, PA 18372	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$13,099.00
United Way of Pike County PO Box 806 Milford, PA 18337	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$3,737.00
United Way of Susquehanna County PO Box 365 New Milford, PA 18834	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$3,361.00
United Way of Wyoming Valley 8 West Market Street Suite 450 Wilkes-Barre, PA 18711	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$30,974.00
Victims' Intervention Program PO Box 986 Honesdale, PA 18431	N/A	Public	Fund healthy relationship and anti-violence education for teenagers	\$5,968.00
Volunteers in Medicine 190 North Pennsylvania Avenue Wilkes-Barre, Pa 18702	N/A	Public	Fund dental services for uninsured adults	\$10,000.00
Wellsboro Area United Fund PO Box 121 Wellsboro, PA 16901	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$1,000.00
Women's Resources of Monroe County 225 J Wilson Drive PO Box 645 Delaware Water Gap, PA 18327	N/A	Public	Fund child abuse prevention education for at-risk families	\$5,193.00
Wyoming County United Way 119 Warren Street PO Box 399 Tunkhannock, PA 18657	N/A	Public	Fund health-related programs offered by the agencies of the United Way	\$2,588.00
			Total	\$331,245.00

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

Name of the organization

Hospital Service Association of N.E. PA Foundation

Employer identification number

23-3101673

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

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

Schedule B (Form 990, 990-EZ, or 990-PF) (2013)

Name of organization Hospital Service Association of N.E. PA Foundation	Employer identification number 23-3101673
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Hospital Service Association of N.E. PA 19 North Main Street Wilkes-Barre, PA 18711	\$ 250,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
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-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)