



REPORT TO THE COMMUNITY 2011
FINANCIAL HIGHLIGHTS

People.
Technology.
Vision.



GOOD SHEPHERD FINANCIAL HIGHLIGHTS FISCAL YEAR 2011

Patient Utilization

	2011	2010	% Change
Rehabilitation Hospital Admissions	1,908	1,796	6%
Specialty Hospital Admissions	400	397	1%
Outpatient Visits	223,791	215,910	4%
Long-Term Care Occupancy Rates	99.7%	99.5%	0%

Financial Performance (dollars in thousands)

Unrestricted Revenues, Gains and Other Support

	2011	2010	% Change
Patient Service Revenues	\$108,506	\$100,747	8%
Less: Charges Provided as Free Care	1,809	1,696	7%
Net Patient Service Revenues	106,697	99,051	8%

Other Operating Revenues	5,473	5,112	7%
Professional Services Revenue	5,851	5,838	0%
Contributions	2,202	2,281	-3%
Income on Investment in Unconsolidated Subsidiary	6,765	2,732	148%
Loss on Disposal of Equipment	(363)	(238)	53%
Net Assets Released from Restrictions	1,647	1,509	9%

Total Unrestricted Revenues, Gains and Other Support	128,272	116,285	10%
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Expenses

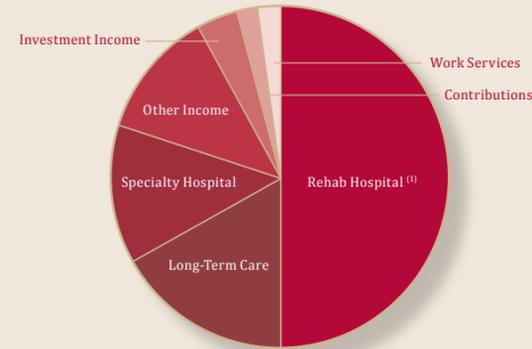
Salaries and Wages	61,207	56,560	8%
Supplies and Other Expenses	28,305	27,584	3%
Employee Benefits	16,166	15,542	4%
Depreciation and Amortization	8,426	8,362	1%
Interest	5,696	5,808	-2%
Provision for Doubtful Collections	481	1,494	-68%
Total Expenses	120,281	115,350	4%

Operating Income	7,991	935	755%
Investment Income and Gains	9,674	5,508	76%
Other	617	254	143%

Revenues in Excess of Expenses	\$18,282	\$6,697	173%
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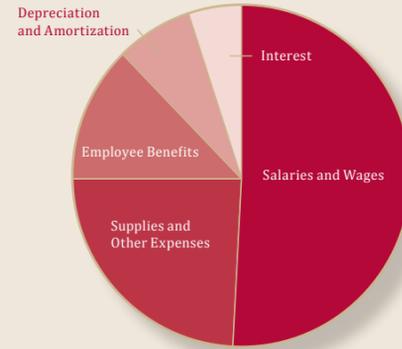
Revenue Composition by Business Line

Rehab Hospital (1)	50%
Long-Term Care	17%
Specialty Hospital	13%
Other Income	12%
Investment Income	4%
Contributions	2%
Work Services	2%

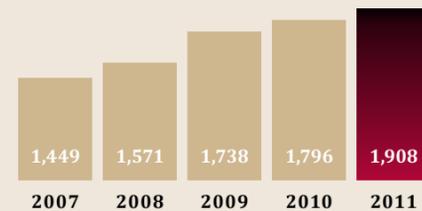


Expense Breakdown

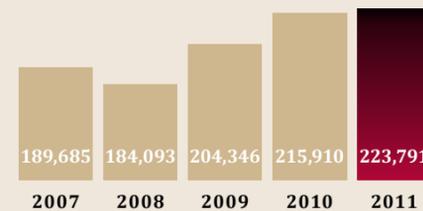
Salaries and Wages	51%
Supplies and Other Expenses	24%
Employee Benefits	13%
Depreciation and Amortization	7%
Interest	5%
Provision for Doubtful Collections	0%



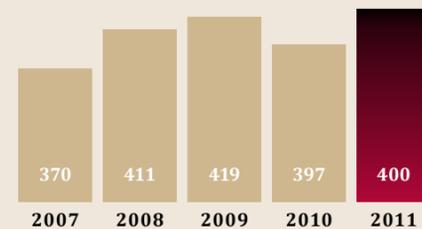
Rehab Hospital Admissions



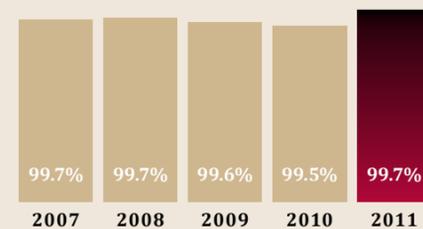
Outpatient Visits



Specialty Hospital Admissions



Long-Term Care Occupancy Rates



GOOD SHEPHERD ENDOWMENT FUND

Good Shepherd is deeply appreciative of the community and individual support that allows for the growth of our endowment funds. Endowments are received from donors with the requirement that the principal remains intact in perpetuity. Income is allocated based on the purpose of the fund.

Good Shepherd Endowment Funds – Investment Objective and Spending Policy

The Investment Committee, which is a subcommittee of the Finance Committee, is responsible for the management and oversight of all temporarily and permanently restricted, operating and pension investments. The Committee is governed by an investment policy, which is applied universally to all of these assets.

Good Shepherd also has an endowment spending policy that is overseen by the Finance Committee and the Board of Trustees. Under this policy, the annual distribution from each endowment account will be five percent of the three-year rolling average fair market value.

Following is a summary of the existing endowment funds at the end of FY11.

Endowment and Income Use

Unrestricted – Used towards general operations of the entities within Good Shepherd.

Conrad W. Raker Educational Endowment – Used as a funding mechanism for the education and training of Good Shepherd employees.

The Linny and Beall Fowler Endowment for Pediatrics – Provides a perpetual source of funding to benefit all the children served by Good Shepherd's Pediatrics Program.

The Joseph and Marjorie Correll Pediatric Chair – Used as a perpetual funding mechanism for Good Shepherd's developmental pediatricians.

Donley Family Pediatrics Endowment – Used towards supporting operating expenses associated with the Developmental Pediatrics Program.

The Harold W. and Ester M. Dornsife Perpetual Fund – Used on an annual basis to support the Dornsife Pediatric Center.

Romig-DeYoung Community Access – Used for the psychosocial and recreational enrichment of residents through community outings as well as interstate trips including, but not limited to concerts, restaurants, sporting events, amusement parks and recreational areas. Monies from this fund also will be used to purchase transportation vehicles and equipment for community access by residents.

Walter W. and Jacqueline G. Mock Fund for Pediatrics – Provides income in perpetuity to support charitable care, staff education and training, salaries, equipment, technology, research and other expenses of the Pediatrics Program.

Long-Term Care Endowment – Directed towards operating needs associated with the Conrad W. Raker Center and Good Shepherd Home–Bethlehem.

Rehabilitation Hospital Endowment – Directed towards operating needs associated with the rehabilitation hospitals.

Jaindl Family Neurologic Endowment – Used towards operating costs associated with the Neurorehabilitation Program at Good Shepherd Rehabilitation Hospital.

Work Services Endowment – Directed towards operating needs associated with the Work Services Division.

Fleming Family Endowment – Used to support the Assistive Technology and Research programs at Good Shepherd.

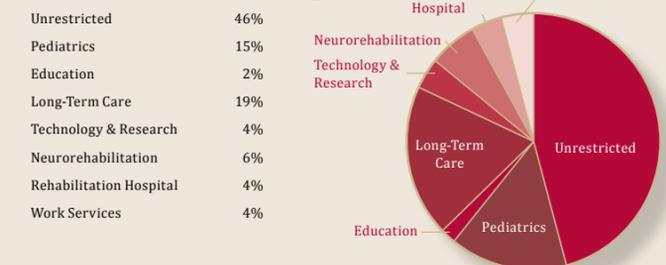
Walter W. Mock, Sr., Ph.D., and Marie S. Mock Fund for Research and Technology – Provides income in perpetuity to support assistive, rehabilitation and clinical technology, as well as research, throughout Good Shepherd.

Good Shepherd Endowment Summary – June 30, 2011 (dollars in thousands)

Permanent Endowments	Principal	Market
Unrestricted	\$6,391	\$7,261
Conrad W. Raker Education	316	315
The Linny and Beall Fowler Endowment for Pediatrics	242	234
The Joseph and Marjorie Correll Pediatric Chair	255	253
Donley Family Pediatrics	1,657	1,551
Dornsife Fund-Pediatrics	100	117
Romig-DeYoung Community Access	1,129	1,326
Walter W. and Jacqueline G. Mock Fund for Pediatrics	255	234
Long-Term Care	1,467	1,689
Rehabilitation Hospital	536	527
Jaindl Family Neurologic	905	899
Work Services	677	697
Fleming Family	364	329
Walter W. Mock, Sr., Ph.D., and Marie S. Mock Fund for Research and Technology	253	257

Total Endowments	\$14,547	\$15,689
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Endowment Funds by Purpose



Endowment Funds Growth History (In Millions) (Fiscal Year Ends June 30)



(1) This item includes the revenues generated by Good Shepherd's inpatient rehabilitation units and its outpatient programs and services.

GOOD SHEPHERD UNCOMPENSATED CARE AND COMMUNITY SUPPORT

In achieving our mission, Good Shepherd provides services at amounts that are significantly less than the cost to provide the actual service, and approximates the following:

(dollars in thousands)	2011	2010
Benefits for Individuals Living in Poverty		
Charity Care at Cost	\$728	\$ 682
Unreimbursed Costs of Public Programs		
Medicaid	2,195	2,376
Subsidized Health Services	2,554	2,681
Total Quantifiable Benefits for Individuals Living in Poverty	5,477	5,739
Benefits to the Broader Community*		
Community Health Improvement Services	39	56
Health Professions Education	2,167	827
Research	0	23
Financial and In-kind Contributions to Other Community Groups	40	42
Community-building Activities	28	34
Total Quantifiable Benefits to the Broader Community	2,274	982
Total Quantifiable Community Benefits	\$7,751	\$6,721
Community Benefits as a Percentage of Total Revenue	6.0%	5.8%

* This category represents those community benefit activities that are undertaken by Good Shepherd employees but are not otherwise enumerated. They include the hosting of community health screenings and educational sessions, educational opportunities for aspiring health-care professionals and community-building activities.

When calculating the benefits that it provides to the community, Good Shepherd conforms to the conservative standards set by the Catholic Health Association (CHA). For more information on the CHA's standards, visit www.chausa.org and click on "Our Commitments."

Giving Back: Community Benefit

Good Shepherd is committed to improving the health and function of the members of our community. In fiscal year 2011, Good Shepherd provided more than \$7.75 million in total quantifiable community benefit.

When Good Shepherd provides free or significantly discounted care to under-insured or uninsured people, this is considered community benefit. Community benefit also includes activities or initiatives that improve community health or the health needs of targeted individuals:

- Educating nursing and therapy students and providing internship opportunities for people exploring health-care professions.
- Providing community health screenings, education and seminars.
- Collecting and delivering 175 backpacks filled with school and personal hygiene supplies to Roosevelt Elementary School in Allentown, as part of Good Shepherd's United Way campaign.
- Supporting the Partnership for a Disability Friendly Community, a diverse community group that is working to make the Lehigh Valley more accessible, inclusive and welcoming to people with disabilities.

Good Shepherd will participate in a community health needs assessment that will be conducted during fiscal year 2012 in conjunction with the region's other not-for-profit hospitals. The results from the assessment will be used to create strategies that will improve the health of our community.



REPORT TO THE COMMUNITY 2011
FINANCIAL HIGHLIGHTS

Good Shepherd Rehabilitation Network

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