



THE COOPER HEALTH SYSTEM

Consolidated Financial Statements and Single Audit
and Supplementary Information

Years Ended December 31, 2012 and 2011
with Report of Independent Auditors

Ernst & Young LLP



The Cooper Health System

Consolidated Financial Statements and Single Audit
and Supplementary Information

Years Ended December 31, 2012 and 2011

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Report of Independent Auditors

Board of Trustees
The Cooper Health System

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Cooper Health System (the Health System), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Cooper Health System as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 2 to the accompanying consolidated financial statements, in 2012 The Cooper Health System adopted the provisions of Accounting Standards Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which resulted in a change to the presentation of the provision for bad debts on the consolidated statements of operations and changes in net assets, effective January 1, 2011. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and State of New Jersey awards for the year ended December 31, 2012, the schedules of costs, and the statements of expenditures and revenues are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, New Jersey Office of Management and Budget Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, the *City of Philadelphia Subrecipient Audit Guide*, the New Jersey Department of Health and Senior Services, and the Philadelphia Department of Public Health, respectively, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information, except for the portion marked “unaudited,” on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal and State of New Jersey awards, the schedules of costs, except for that portion marked “unaudited,” and the statements of expenditures and revenues are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April 29, 2013 on our consideration of The Cooper Health System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Cooper Health System's internal control over financial reporting and compliance.

Ernst + Young LLP

April 29, 2013, except for the schedule of expenditures of federal and State of New Jersey awards, the schedules of costs, and the statements of expenditures and revenues for which the date is September 30, 2013

The Cooper Health System
Consolidated Balance Sheets
(In Thousands)

	December 31	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 108,682	\$ 47,737
Restricted cash held in escrow	–	3,005
Current portion of assets limited as to use – externally designated	18,804	19,544
Patient accounts receivable, net of allowance for doubtful accounts of \$22,127 in 2012 and \$30,542 in 2011	106,150	91,684
Prepaid expenses and other current assets	28,217	33,696
Total current assets	261,853	195,666
Assets limited as to use:		
Internally designated by Board of Trustees	155,297	149,426
Externally designated for donor purposes	21,434	19,567
Externally designated under debt agreements, net of current portion	13,875	13,780
Externally designated under self-insurance programs, net of current portion	47,755	54,876
	238,361	237,649
Property, plant, and equipment, net	382,880	372,225
Other assets, net	7,438	6,317
Note receivable	15,781	–
Equity method investment	–	13,464
Total assets	\$ 906,313	\$ 825,321

	December 31	
	2012	2011
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 16,118	\$ 17,491
Accrued expenses	93,742	67,237
Current portion of estimated settlements due to third-party payors	4,699	3,758
Current portion of self-insured reserves	14,483	14,062
Current portion of long-term debt	7,185	6,725
Total current liabilities	<u>136,227</u>	<u>109,273</u>
Estimated settlements due to third-party payors, net of current portion	18,050	17,571
Accrued retirement benefits	8,145	12,859
Self-insured reserves, net of current portion	57,372	63,345
Long-term debt, net of current portion	257,142	263,264
Deferred revenue and other liabilities	25,072	23,035
Notes payable	27,113	4,817
Total liabilities	<u>529,121</u>	<u>494,164</u>
Net assets:		
Unrestricted	357,675	315,182
Temporarily restricted	17,043	13,499
Permanently restricted	2,474	2,476
Total net assets	<u>377,192</u>	<u>331,157</u>
Total liabilities and net assets	<u>\$ 906,313</u>	<u>\$ 825,321</u>

See accompanying notes.

The Cooper Health System

Consolidated Statements of Operations and Changes in Net Assets (In Thousands)

	Year Ended December 31	
	2012	2011
Unrestricted net assets		
Revenue:		
Net patient service revenue	\$ 821,717	\$ 805,781
Provision for bad debts	(62,058)	(86,161)
Net patient service revenue less provision for bad debts	759,659	719,620
Other revenue	63,774	57,826
Total revenue	823,433	777,446
Expenses:		
Salaries, wages and fringe benefits	492,550	462,596
Supplies and other	258,301	245,354
Malpractice	18,546	16,778
Depreciation and amortization	37,553	40,491
Interest	10,703	11,522
Total expenses	817,653	776,741
Operating income before malpractice actuarial gain	5,780	705
Malpractice actuarial gain	6,613	4,854
Operating income	12,393	5,559
Nonoperating gains and losses:		
Investment income	10,048	8,042
Loss on fixed asset disposal	-	(2,470)
Net change in unrealized gains and losses on trading securities	1,030	1,864
Change in fair value of interest rate swap agreements	(262)	(6,960)
Excess of revenue over expenses	23,209	6,035
Other changes in unrestricted net assets:		
Change in pension benefit obligation	847	(14,115)
Contributions for capital acquisitions	18,761	4,872
Net change in unrealized gains and losses on other-than-trading securities	(324)	692
Increase (decrease) in unrestricted net assets	42,493	(2,516)

The Cooper Health System

Consolidated Statements of Operations and Changes in Net Assets (continued)
(In Thousands)

	Year Ended December 31	
	2012	2011
Temporarily restricted net assets		
Contributions, gifts and special events	\$ 4,461	\$ 3,967
Income from investments	357	273
Net realized and unrealized gains on investments	106	154
Net assets released from restrictions for operating purposes	<u>(1,380)</u>	<u>(8)</u>
Increase in temporarily restricted net assets	3,544	4,386
Permanently restricted net assets		
Change in net unrealized gains and losses on investments	<u>(2)</u>	<u>(56)</u>
Decrease in permanently restricted net assets	<u>(2)</u>	<u>(56)</u>
Increase in net assets	46,035	1,814
Net assets, at beginning of year	331,157	329,343
Net assets, at end of year	<u>\$ 377,192</u>	<u>\$ 331,157</u>

See accompanying notes.

The Cooper Health System

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended December 31	
	2012	2011
Operating activities		
Increase in net assets	\$ 46,035	\$ 1,814
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in pension benefit obligation	(847)	14,115
Change in fair value of interest rate swap agreements	262	6,960
Depreciation and amortization	37,553	40,491
Loss on property, plant, and equipment disposal	-	2,470
Provision for bad debts	62,058	86,161
Net realized and unrealized gains on investments	(3,327)	(2,587)
Gains on equity method investment	-	(1,009)
Restricted contributions	(18,761)	(8,839)
Changes in certain assets and liabilities:		
Patient accounts receivable	(76,524)	(91,627)
Prepaid expenses and other assets	4,100	(8,110)
Accounts payable and accrued expenses	11,174	13,451
Self-insured reserves and accrued retirement benefits	(9,419)	(5,882)
Estimated settlements with third-party payors	1,420	(2,239)
Deferred revenue and other liabilities	1,774	660
Net cash provided by operating activities	55,498	45,829
Investing activities		
Sale (purchases) of assets limited as to use	3,355	(1,704)
Sale of equity method investment	13,464	-
Refund of restricted cash in escrow	3,000	-
Capital expenditures	(33,005)	(38,988)
Net cash used in investing activities	(13,186)	(40,692)
Financing activities		
Issuance of note receivable	(15,781)	-
Repayments of long-term debt	(6,643)	(7,262)
Restricted contributions	18,761	8,839
Proceeds from notes payable	22,296	-
Net cash provided by financing activities	18,633	1,577
Net increase in cash and cash equivalents	60,945	6,714
Cash and cash equivalents at beginning of year	47,737	41,023
Cash and cash equivalents at end of year	\$ 108,682	\$ 47,737
Supplemental disclosure of cash flow information		
Assets acquired under capital lease	\$ 997	\$ -
Cash paid for interest, net of amounts capitalized	\$ 10,703	\$ 11,612

See accompanying notes.

The Cooper Health System

Notes to Consolidated Financial Statements (In Thousands)

December 31, 2012

1. Organization

The Cooper Health System (Health System) is a New Jersey not-for-profit organization. The Health System is comprised of two divisions: The Cooper University Hospital (CUH), Cooper University Physicians (UP). The CUH includes the operations of Cooper Hospital/University Medical Center and The Children's Regional Hospital at Cooper, as well as programs focusing on ambulatory diagnostic and treatment services, wellness and prevention, and many other health services. The UP consists primarily of the employed medical staff.

The Health System also controls certain other entities which are included in the accompanying consolidated financial statements. Such entities include: Cooper Cancer Center (CCC), Cooper HealthCare Services, Inc. (CHCS), Cooper Medical Services, Inc. (CMS), and The Cooper Foundation (the Foundation). CCC owns and operates the cancer building which is leased to CUH. CHCS is a holding company, which is the sole shareholder of Cooper HealthCare Properties, Inc. (CHCP) and C&H Collections Services (C&H). CHCP manages a number of medical office buildings for the Health System and C&H provides collection services primarily to the Health System. CMS owns and manages a medical office building on the campus of the Health System. The Health System appoints all of the Board of Trustees and exercises certain control over the Foundation, which promotes the charitable, scientific and educational programs and policies of the Health System.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Health System and its affiliates and subsidiaries as described above. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of these consolidated financial statements has required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Charity Care

The Health System has a policy of providing charity care to patients who are unable to pay based on federal poverty income guidelines. All charity care patients are separately identified and related charges are reduced based on financial information obtained from the patient. Since management does not expect payment for charity care, the charges are excluded from net patient service revenue.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are recorded on an estimated basis in the period that the related services are rendered, and adjusted in future periods as final settlements are determined. The method for making these estimates and establishing the resulting reserves are continually reviewed and updated, with any resulting adjustments reflected in operating income currently. In 2012 and 2011, the consolidated financial statements include revenue of \$6,423, of which \$4,497 was related to the rural floor wage index settlement, and \$5,665, respectively, related to favorable adjustments of prior-year cost reports.

Other Revenue

Other revenue is comprised of grant revenue, incentive payments related to the implementation and meaningful use of certified electronic health records, salary reimbursement from affiliated parties, cafeteria revenue, net assets released from restrictions for operating purposes, parking and other miscellaneous items.

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments for eligible hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology. For Medicare and Medicaid EHR incentive payments, the Health System utilizes a grant accounting model to recognize revenue. Under this accounting policy, EHR incentive payments were recognized as revenue when attestation that the EHR meaningful use criteria for the required period of time was demonstrated. Accordingly, the Health System recognized approximately \$5,259 and \$6,133

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

of EHR revenue for the year ended December 31, 2012 and 2011, respectively. These amounts are comprised of \$2,789 and \$2,667 of Medicaid revenue and \$2,470 and \$3,466 of Medicare revenue for the years ended December 31, 2012 and 2011, respectively. These amounts are included in other revenue on the consolidated statements of operations and changes in net assets.

The Health System's attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee. Additionally, Medicare EHR incentive payments received are subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated.

Advertising Costs

The Health System expenses advertising cost as incurred. In 2012 and 2011, the Health System incurred advertising expenses of \$4,662 and \$5,124, respectively, which are included in supplies and other on the consolidated statements of operations and changes in net assets.

Cash and Cash Equivalents

Cash and cash equivalents include various checking and savings accounts and all short-term funds, with initial maturity dates of three months or less, held on deposit with various lending institutions, excluding restricted cash held in escrow and those classified as assets limited as to use.

Allowance for Doubtful Accounts

The Health System provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness of patients to make payments for services. The allowance is determined by analyzing historical data and trends. Accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Health System ceases collection efforts.

Supplies

Supplies are stated at the lower of cost or market, determined by the first-in, first-out (FIFO) valuation method and are included in other current assets.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

The Health System maintains interest rate swap agreements to mitigate the Health System's cash flow risk relating to changes in the variable interest rates of its Series 2008A and 2009A Bonds. Under the swap agreements, the Health System pays interest at fixed rates and receives interest at variable rates. All swap agreements are reflected at fair value on the consolidated balance sheets. The net changes in the fair value of these swap agreements are recorded in nonoperating gains and losses, on the consolidated statements of operations and changes in net assets, and the net monthly cash exchange under the contract is reflected within interest expense. The mark-to-market position of interest rate swap arrangements is included within deferred revenue and other liabilities, and other assets on the consolidated balance sheets at December 31, 2012 and 2011, respectively.

Fair Value of Financial Instruments

Financial instruments consist of cash equivalents, patient accounts receivable, assets limited as to use, notes receivable, accounts payable and accrued expenses, interest-rate swaps, notes payable, and long-term debt. The carrying amounts reported in the consolidated balance sheets for cash equivalents, patient accounts receivable, assets limited as to use, notes receivable, accounts payable and accrued expenses, and notes payable approximate fair value. Management's estimate of the fair value of other financial instruments is described elsewhere in the notes to the consolidated financial statements.

Assets Limited as to Use and Investment Income

Assets limited as to use are measured at fair value in the consolidated balance sheets. Assets limited as to use include internally designated assets set aside by the Board of Trustees (the Board), externally designated assets held by trustees under debt agreements (includes debt service interest, principal, and reserve funds and funds for future capital expenditures), for self-insurance programs (includes trusts for workers' compensation and for medical professional and general liability), and funds designated as such for donor restrictions. Amounts set aside by the Board are designated for operations, future capital improvements, and other contingencies, as needed.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

The Board retains control over the internally designated assets and may, at its discretion, subsequently use the assets for other purposes. Amounts internally designated by Board and externally designated by donor are classified as trading securities and all other assets limited as to use are deemed to be other than trading. Amounts required to meet current liabilities of the Health System have been classified as current assets in the consolidated financial statements.

Investment income, net of amounts capitalized from assets limited as to use, realized gains and losses and the change in net unrealized gains and losses from trading securities are recorded as nonoperating gains and losses.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized by the straight-line method over the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest costs incurred on borrowed funds, net of related interest income during the period of construction of capital assets is capitalized as a component of acquiring the assets. No amounts related to interest were capitalized during 2012 and 2011.

Gifts or grants for the purchase of long-lived assets such as land, buildings, or equipment are excluded from the excess of revenue over expenses. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Health System continually evaluates whether later events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Health System uses an estimate of the related undiscounted operating income over the remaining life of the long-lived asset, or determines the fair market value of the long-lived asset in measuring whether the long-lived asset is recoverable. Management believes that no revision to the remaining useful lives or write-down of long-lived assets was required as of December 31, 2012 and 2011.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Equity Method Investment

In 2010, the Health System purchased a 30% ownership interest in a medical administrative services organization for \$12,000 in cash and an agreement to pay up to an additional \$3,000 if the organization achieves certain EBITDA thresholds in 2010 and 2011. Cash with which to pay the contingency is being held in escrow. The Health System also received an option to invest additional equity of up to \$3,000. The Health System is accounting for the investment on the equity method.

In 2012, the Health System redeemed its 30% ownership interest in this medical administrative services organization. The investment was redeemed at the original purchase price of \$12,000 plus accumulated investment income of \$1,464. The amounts held in escrow were also refunded back to the Health System. The Health System's share of the organization's income recognized in 2012 and 2011 amounted to \$0 and \$1,009, respectively.

Other Assets

Other assets includes: (1) intangible assets, net, associated with physician practice acquisitions which are being amortized on a straight-line basis over a period of 10 years and (2) deferred financing costs which are being amortized utilizing the interest method over the life of the related indebtedness.

Self-Insured Reserves

The Health System is self-insured for the majority of its medical malpractice, employee health, general liability and the first layer of workers' compensation risks. A portion of the losses are covered with high-deductible commercial insurance policies and through trust funds. The Health System accrued liabilities which include estimates of the ultimate costs, net of insurance for both reported claims and claims incurred but not reported for each of their risks.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Excess of Revenue Over Expenses

The consolidated statements of operations and changes in net assets include the excess of revenue over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue over expenses include net change in unrealized gains and losses on investments designated as other-than-trading securities, to the extent such losses are considered temporary, other changes in pension benefit obligation, and contributions of long-lived assets (including assets acquired using donor-restricted contributions or grant funds that were to be used for the purposes of acquiring such assets).

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose. As the donors' intentions are met, the net assets are reclassified as unrestricted and reported in the consolidated statements of operations and changes in net assets as other revenue.

Permanently Restricted Net Assets

Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity. As specified by donor, the income earned on these investments is expendable to support patient care services.

Income Taxes

The Health System, CCC, CMS, and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal and state income taxes pursuant to Section 501(a) of the Code and the laws of the State of New Jersey.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In July 2011, Financial Accounting Standards Board the (FASB) issued Accounting Standards Board (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, which requires companies to present its provision for doubtful accounts related to patient service revenue as a deduction from revenue, similar to contractual discounts. The guidance also requires enhanced and additional disclosures regarding net patient service revenue, assessing bad debts, and the changes in the allowance for doubtful accounts. This new guidance is required to be retrospectively applied and is effective for fiscal years beginning after December 15, 2011, with early application permitted. The Health System adopted these provisions as of and for the year ended December 31, 2012 and retrospectively applied the presentation requirements to all periods presented. The change in presentation and additional disclosures are reflected in the Health System's consolidated statements of operations and changes in net assets in Note 3. The adoption of the new guidance did not have any impact on previously reported excess of revenue over expenses or net assets.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which amends the wording used to describe many of the requirements in U.S. Generally Accepted Accounting Principles (GAAP) for measuring fair value and for disclosing information about fair value measurements, resulting in common requirements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). This guidance clarifies the application of existing fair value measurement requirements and updates particular requirements for measuring fair value or disclosing information about fair value measurements. This new guidance is effective for fiscal years beginning after December 15, 2011, and was adopted by the Health System on January 1, 2012. The adoption of this guidance did not have an impact on the Health System's results of operations, cash flows, or financial position.

In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*, to address certain comparability issues between financial statements prepared in accordance with GAAP and those prepared in accordance with IFRS. In January 2013, the FASB issued ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, to provide information regarding the scope of the disclosures required by ASU 2011-11 to the financial instruments and derivatives reported in an entity's financial statements. ASU 2011-11

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

requires an entity to provide enhanced disclosures about certain financial instruments and derivatives, as defined in ASU 2013-01, to enable users of its financial statements to understand the effect of offsetting in the financial statements as well as the effect of master netting arrangements on an entity's financial condition. This new guidance is effective for annual reporting period beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Health System expects to adopt these provisions for the year ended December 31, 2013. The adoption will not impact the Health System's results of operation, cash flows, or financial position; however, it may result in enhanced footnote disclosures.

In October 2012, the FASB issued ASU 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires a not-for-profit to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. This guidance is effective prospectively for fiscal years beginning after June 15, 2013 with retrospective application to all prior periods presented permitted. The Health System expects to adopt these provisions for the year ended December 31, 2014. The adoption will not impact the Health System's results of operations or financial position, however, it may change the classifications on the consolidated statement of cash flows.

Reclassifications

Certain reclassifications have been made to the financial statements of the prior year to conform to the current-year presentation.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Net Patient Service Revenue

The Health System's service area is Southern New Jersey. The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

The Health System has agreements with third-party payors that provide for payments at amounts different from established charges. The CUH's inpatient acute care services and the UP's professional services for Medicare and Medicaid program beneficiaries and the CUH's outpatient services for Medicare program beneficiaries are paid at prospectively determined rates per discharge or visit or fee schedule. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Health System is reimbursed for cost reimbursable and other pass-through items, such as bad debts and paramedical education, from Medicare at a tentative rate with final settlements determined after submission of annual cost reports by the Health System and audits thereof by the programs' fiscal intermediaries. Provisions for estimated adjustments resulting from audit and final settlements have been recorded. The Health System's cost report for fiscal years 2005 through 2009 have been audited but not final settled as of yet. In the opinion of management, adequate provision has been made for any adjustment which may result from the final settlement of these reports or appeal items. Differences between the estimated adjustments and the amounts settled are recorded in the year of settlement.

Collectively, net revenues from the Medicare and Medicaid programs constitute approximately 42% and 40% of the Health System's net patient service revenue for the years ended December 31, 2012 and 2011, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation, and noncompliance could subject the Health System to significant regulatory action, including fines and penalties. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Health System believes that it is in compliance with applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretations as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Health System has a Corporate Compliance Program to monitor compliance with Medicare and Medicaid laws and regulations.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Net Patient Service Revenue (continued)

The Health System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Health System under these agreements includes prospectively determined rates per discharge or visit, discounts from established charges, and prospectively determined daily rates. These agreements have retrospective audit clauses allowing the payor to review and adjust claims subsequent to initial payment.

Accounts receivable are reduced by an allowance for doubtful accounts. The Health System's allowance for doubtful accounts totaled approximately \$22,127 and \$30,542 at December 31, 2012 and 2011, respectively. In evaluating the collectibility of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients, the Health System records a significant provision for bad debts on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Health System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of the contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Health System recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Health System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Health System records a significant provision for bad debts related to uninsured patients.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Net Patient Service Revenue (continued)

Patient service revenue for the year ended December 31, 2012, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	\$ 803,392	\$ 18,325	\$ 821,717

Deductibles and copayments under third-party payment programs within the third-party payor amount above are the patients' responsibility and the Health System considers these amounts in its determination of the provision for bad debts based on collection experience.

The mix of accounts receivable from patients and third-party payors was as follows:

	December 31	
	2012	2011
Commercial	26%	31%
HMO	38	34
Medicare	18	18
Blue Cross	11	10
Self-pay (including accounts which may ultimately be charity care)	4	4
Medicaid	3	3
	100%	100%

4. Charity Care and State Subsidies

The Health System provides care to those who meet the State of New Jersey Public Law 1992 (Chapter 160) charity care criteria. Charity care is provided without charge or at amounts less than its established charges. The Health System maintains records to identify and monitor the level of charity care it provides. The cost of services provided and supplies furnished under its charity care policy is estimated using internal cost data and is calculated based on the Health

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

4. Charity Care and State Subsidies (continued)

System's cost accounting system. The total direct and indirect amount of charity care provided, determined on the basis of cost, was \$58,802 and \$59,227 for the years ended December 31, 2012 and 2011, respectively.

The Health System's patient acceptance policy is based upon its mission statement and its charitable purposes. Accordingly, the Health System accepts all patients regardless of their ability to pay. This policy results in the Health System's assumption of higher-than-normal patient receivable credit risks. To the extent that the Health System realizes additional losses resulting from such higher credit risks and patients that are not identified or do not meet the Health System's defined charity care policy, such additional losses are included in the provision for bad debts.

Chapter 160 established the Charity Care Subsidy Fund and the Hospital Relief Subsidy Fund to provide a mechanism and funding source to compensate certain hospitals for charity care. The Health System recorded the following amounts from the funds as net patient service revenue. These amounts are subject to change from year to year based on available state budget amounts and allocation methodologies. A proportionate amount is in place through June 2013. While amounts are not finalized for the State of New Jersey's fiscal 2014 budget, it is anticipated that funding will be slightly reduced.

	Year Ended December 31	
	2012	2011
Charity Care Subsidy Fund	\$ 35,832	\$ 35,741
Hospital Relief Subsidy Fund	6,214	6,733
	<u>\$ 42,046</u>	<u>\$ 42,474</u>

Effective July 1, 2013, the State is preparing to replace the Hospital Relief Subsidy Fund with a new payment mechanism referred to as the Delivery System Reform Incentive Payment Pool (the Pool). The Pool will be available to certain hospitals that are able to establish performance improvement activities in one of eight specified clinical improvement areas. Whether the Health System will receive funding from the Pool is presently unknown.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

5. Assets Limited as to Use and Investment Income

	December 31	
	2012	2011
Internally designated by Board of Trustees:		
Cash and cash equivalents	\$ 3,939	\$ 4,861
Equity securities:		
U.S. companies	30,651	213
International companies	61	41
Mutual funds	16	15
U.S. treasury securities	44,907	56,617
Governmental asset-backed securities	12,597	16,564
Corporate bonds	63,126	71,115
	\$ 155,297	\$ 149,426
Externally designated for donor purposes:		
Cash and cash equivalents	\$ 961	\$ 830
Equity securities:		
U.S. companies	10,226	10,513
International companies	1,142	153
Mutual funds	6,513	5,694
U.S. treasury securities	1,229	1,064
Governmental asset-backed securities	1,300	1,259
Corporate bonds	63	54
	\$ 21,434	\$ 19,567
Externally designated – under debt agreements:		
Cash and cash equivalents	\$ 9,076	\$ 9,465
U.S. treasury securities	5,073	5,591
Governmental asset-backed securities	7,837	7,882
	21,986	22,938
Less: current portion	8,111	9,158
	\$ 13,875	\$ 13,780

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

5. Assets Limited as to Use and Investment Income (continued)

	December 31	
	2012	2011
Assets held by trustees externally designated – under debt agreements are maintained for the following purposes:		
Debt service interest funds	\$ 3,259	\$ 3,445
Debt service principal funds	4,852	4,246
Debt service reserve funds	13,875	13,782
Capital addition funds	–	1,465
	\$ 21,986	\$ 22,938
Externally designated – under self-insurance programs:		
Cash and cash equivalents	\$ 5,115	\$ 3,019
Equity securities:		
U.S. companies	8,540	10,811
International companies	2,006	1,564
Governmental asset-backed securities	2,264	2,258
Corporate bonds	40,523	47,610
	58,448	65,262
Less: current portion	10,693	10,386
	\$ 47,755	\$ 54,876

Investment returns are as follows:

	Year Ended December 31	
	2012	2011
Nonoperating gains and losses:		
Interest and dividend income	\$ 7,427	\$ 8,011
Net realized gains on sales of securities	2,621	31
Investment income	10,048	8,042
Change in net unrealized gains and losses on trading securities	1,030	1,864
	\$ 11,078	\$ 9,906
Change in net unrealized gains and losses on other-than-trading securities	\$ (324)	\$ 692

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

5. Assets Limited as to Use and Investment Income (continued)

The fair value framework establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1 – defined as observable inputs such as quoted prices in active markets; Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

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

The following table presents the fair value hierarchy for the Health System’s financial assets measured at fair value on a recurring basis which include cash and cash equivalents, assets limited as to use, and the mark-to-market asset position of interest rate swap arrangements:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2012				
<u>Assets</u>				
Cash and cash equivalents	\$ 127,773	\$ 127,773	\$ –	\$ –
Equity securities:				
U.S. companies	49,417	49,417	–	–
International companies	3,209	3,209	–	–
Mutual funds	6,529	6,529	–	–
U.S. treasury securities	51,209	51,209	–	–
Governmental asset-backed securities	23,998	–	23,998	–
Corporate bonds	103,712	–	103,712	–
Total assets	\$ 365,847	\$ 238,137	\$ 127,710	\$ –
<u>Liabilities</u>				
Interest rate swaps	\$ 5,809	\$ –	\$ 5,809	\$ –
Total liabilities	\$ 5,809	\$ –	\$ 5,809	\$ –

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

5. Assets Limited as to Use and Investment Income (continued)

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2011				
<u>Assets</u>				
Cash and cash equivalents	\$ 65,912	\$ 65,912	\$ —	\$ —
Restricted cash held in escrow	3,005	3,005	—	—
Equity securities:				
U.S. companies	21,537	21,537	—	—
International companies	1,758	1,758	—	—
Mutual funds	5,709	5,709	—	—
U.S. treasury securities	63,272	63,272	—	—
Governmental asset-backed securities	27,963	—	27,963	—
Corporate bonds	118,779	—	118,779	—
Total assets	\$ 307,935	\$ 161,193	\$ 146,742	\$ —
<u>Liabilities</u>				
Interest rate swaps	\$ 5,547	\$ —	\$ 5,547	\$ —
Total liabilities	\$ 5,547	\$ —	\$ 5,547	\$ —

The Health System's Level 1 securities primarily consist of U.S. Treasury securities, equity securities, mutual funds, and cash and cash equivalents. The Health System determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets.

The Health System's Level 2 securities primarily consist of corporate debt, government asset-backed securities, and interest rate swaps. The Health System determines the estimated fair value for its Level 2 securities using the following methods: quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time), inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves volatilities, default rates, etc.), and inputs that are derived principally from or corroborated by other observable market data.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

6. Property, Plant, and Equipment

	December 31		Depreciable
	2012	2011	Life
Land	\$ 9,554	\$ 7,863	
Land improvements	1,275	840	5–25 years
Buildings and building improvements	373,024	362,910	10–40 years
Fixed equipment	28,264	27,199	10–20 years
Major movable equipment	270,770	256,221	5–20 years
	682,887	655,033	
Less accumulated depreciation	(352,773)	(315,894)	
	330,114	339,139	
Construction in progress	52,766	33,086	
	\$ 382,880	\$ 372,225	

Depreciation expense for the years ended December 31, 2012 and 2011 amounted to \$37,208 and \$39,860, respectively. Property, plant, and equipment, net included \$1,034 and \$110 of assets held under capitalized leases at December 31, 2012 and 2011, respectively.

The Health System disposed of certain property, plant, and equipment resulting in a loss on disposal of \$2,470 for the year ended December 31, 2011.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Long-Term Debt

	December 31	
	2012	2011
<p>2005A Camden County Improvement Authority (CCIA) Revenue Bonds, including unamortized original issue discount of \$580 and \$606 at December 31, 2012 and 2011, respectively, with principal payments ranging from \$1,395 to \$4,950 due annually on February 15 through 2035 with interest rates ranging from 5.0% to 5.25%, due February 15th and August 15th of each year.</p>	\$ 68,680	\$ 70,204
<p>2005B CCIA Revenue Bonds, including unamortized original issue premium of \$773 and \$827 at December 31, 2012 and 2011, respectively, with principal payments ranging from \$1,925 to \$4,590 due annually on February 15th through 2027, with interest rates ranging from 4.0% to 5.25%, due February 15th and August 15th of each year.</p>	49,893	52,067
<p>2004A CCIA Revenue Bonds, including unamortized original issue discount of \$277 and \$289 at December 31, 2012 and 2011, respectively, with principal payments ranging from \$3,630 to \$5,120 due annually beginning on February 15, 2028 through 2034 with an interest rate of 5.75%, due February 15th and August 15th of each year.</p>	30,103	30,091
<p>2004B CCIA Variable Rate Demand Revenue Bonds, with principal payments ranging from \$940 to \$2,565 due annually on August 1st through 2032, with monthly interest payments, adjusted to a weekly rate determined by the remarketing agent, not to exceed 10% (.60% and 0.34% at December 31, 2012 and 2011, respectively).</p>	34,465	35,495
<p>2008A New Jersey Economic Development Authority (NJEDA) Variable Rate Demand Revenue Bonds, with principal payments ranging from \$1,800 to \$13,500 due annually beginning on November 1, 2033 through 2038, with monthly interest payments, adjusted to a weekly rate determined by the remarketing agent, not to exceed 12% (0.60% and 0.37% at December 31, 2012 and 2011, respectively).</p>	50,000	50,000

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Long-Term Debt (continued)

	December 31	
	2012	2011
2009A CCIA Variable Rate Revenue Bonds, with principal payments ranging from \$60 to \$93 due monthly on March 15th through February 15, 2021, with monthly interest payments based on 67% of LIBOR, plus 168 basis points.	\$ 7,824	\$ 8,619
2008B NJEDA Revenue Bonds, with principal payments ranging from \$367 to \$821 due annually beginning on December 1, 2016 through 2033 with an interest rate of 4.85%, due December 1st and June 1st of each year.	10,183	10,183
\$997 Capital Lease, with principal and interest payments due monthly through 2018. Principal payments ranging from \$12 to \$16 plus a fixed interest rate of 5.3%.	997	–
\$2,496 Equipment loan, with principal and interest payments due monthly through 2017. Principal payments ranging from \$25 to \$35 plus a fixed interest rate of 5.13%.	1,758	2,085
2002 Revenue Bonds, with monthly principal and interest payments of \$74, through February 15, 2022, at a fixed 5.75% rate. Secured by medical office building of CMS.	6,390	6,817
Note payable in monthly installments including interest adjusted every five years per the agreement (5.75% at December 31, 2012 and 2011), maturity date of July 1, 2023, secured by the building and substantially all assets of CHCP.	533	567
New Jersey Health Care Facilities Financing Authority Capital Asset Program; Series 2007A Capital Asset Program Loan, with monthly principal payments of \$30 through October 1, 2017, with monthly interest payments based on variable rate which was 2.91% and 0.50% at December 31, 2012 and 2011, respectively.	3,501	3,861
	264,327	269,989
Less current portion	7,185	6,725
Long-term debt, net of current portion	\$ 257,142	\$ 263,264

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Long-Term Debt (continued)

Revenue Bonds

The Health System pays monthly debt service to the Bond Trustee to secure the 2004A, 2005A, 2005B, and 2009A Revenue Bonds. The 2004B and 2008A Revenue Bonds are enhanced by a Letter of Credit Agreement from a bank, which expires on December 4, 2014, with renewable options as defined. Under the Master Trust Indenture (MTI), the Health System granted to the Master Trustee a security interest in its gross receipts and a mortgage on the property of the Health System's main facility as defined.

The Health System must comply with Master Trust Indenture covenants, including requirements as to the permitted level of indebtedness, restrictions on the sale of certain assets, mergers, and other significant transactions, including a requirement that the Health System generate funds available for debt service (as defined) equivalent to at least 125% of maximum annual debt service. In addition, the Letter of Credit Agreement requires the Health System to maintain minimum days cash on hand, as defined. As of December 31, 2012, the Health System has complied with all financial covenants.

In 2002, CMS refinanced a mortgage payable with tax-exempt bond funds through the Authority for \$10,500. As part of this financing, the Health System was required to deposit funds with an externally designated trustee for future capital acquisitions. These funds totaled \$506 at December 31, 2012 and 2011, and are included in assets limited as to use – under debt agreements in the consolidated balance sheets.

The 2002 Revenue Bond covenants require CMS to maintain a Debt Service Coverage Ratio (as defined) equivalent to at least 110%. At December 31, 2012, CMS has complied with all financial covenants related to the 2002 Revenue Bonds.

Interest Rate Swap Agreements

The Health System has entered into interest rate swap agreements with the intent of mitigating cash flow risk relating to changes in the variable interest rates of the 2008A and 2009A Bonds. Under the swap agreements, the Health System pays interest at fixed rates and receives interest at variable rates. The swaps settle on a monthly basis. The following schedule outlines the terms

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Long-Term Debt (continued)

and fair market values of the interest rate swap agreements that are included in other assets on the accompanying consolidated balance sheets.

	Series 2008A	Series 2008A	Series 2009A
Notional amount at December 31, 2012	\$25,000	\$25,000	\$ 7,824
Effective date	March 23, 2009	March 9, 2009	November 9, 2009
Termination date	November 1, 2029	November 1, 2029	February 15, 2016
Fixed rate	2.577%	2.428%	3.8325%
Variable rate basis			67% of 1-month
	3-month USD-LIBOR-BBA	3-month USD-LIBOR-BBA	USD-LIBOR-BBA
Fair value at December 31, 2012	\$ (2,943)	\$ (2,499)	\$ (367)
Change in fair value for the year ended December 31, 2012	\$ (168)	\$ (139)	\$ 45

During 2012, the fair value of the interest rate swap agreement exceeded the threshold and as part of the agreement required collateral to be posted. Total collateral posted totaled \$1,710 at December 31, 2012.

Line of Credit

The Health System has a \$5,000 revolving line of credit with a bank at December 31, 2012 and 2011. The agreement provides for interest at 0.5% above the prime rate of interest per annum, but shall never be less than 5.5%. The term of the line of credit is through December 2013, which may be renewed for one-year extensions with the bank's consent. The line of credit contains a negative pledge of accounts receivable of the Health System, and requires the Health System to maintain a minimum debt service coverage ratio of 1.25, as defined in the agreement. There were no amounts outstanding under this line of credit at December 31, 2012 and 2011.

Fair Value

The Health System uses current quoted market prices (Level 1) in estimating the fair value of its fixed rate revenue bonds and the carrying value of the variable rate demand bonds and other long-term obligations approximates fair value. The fair value of the Health System's long-term obligations, excluding the equipment loan and capital leases was \$264,089 and \$259,331 with a carrying value of \$258,071 and \$264,043 at December 31, 2012 and 2011, respectively.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Long-Term Debt (continued)

Future Payments

Scheduled payments on long-term debt for the next five years and thereafter are as follows:

	Revenue Bonds	Equipment and Capital Asset Program Loans	Note Payable	Total
2013	\$ 6,283	\$ 864	\$ 38	\$ 7,185
2014	6,615	891	40	7,546
2015	6,913	918	43	7,874
2016	7,686	947	46	8,679
2017	8,076	2,533	49	10,658
Thereafter	222,049	103	317	222,469
	<u>257,622</u>	<u>6,256</u>	<u>533</u>	<u>264,411</u>
Net unamortized original issue discount	(84)	-	-	(84)
	<u>\$ 257,538</u>	<u>\$ 6,256</u>	<u>\$ 533</u>	<u>\$ 264,327</u>

8. New Market Tax Credit Program

In October 2012, The Cooper Health System and the Cooper Cancer Center entered into transactions as part of the Federal New Market Tax Credit Program (the Program). Under the Program, a taxpayer may claim tax credits over a seven-year period with respect to a qualified equity investment in a qualified community development entity (CDE). An equity investment in a CDE is a qualified equity investment if substantially all of the cash provided is then used by the CDE to make qualified low-income community investments, which includes a loan to any qualified active low-income community business.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. New Market Tax Credit Program (continued)

In conjunction with the Program, the Health System loaned \$15,781 to a financial institution through a promissory note (the Note) to be used for qualified equity investments in several CDEs. Interest on the Note will accrue at 1.54% per annum with interest payments received quarterly. Principal payments are received quarterly beginning December 2019. At the end of the seven-year compliance period for the new market tax credits, the Health System has the option to call the Note for a nominal amount. The Note matures on July 1, 2039.

Also in October 2012, the Cooper Cancer Center entered into promissory note agreements (the Agreements) totaling \$22,296 with third-party CDEs as part of the program. The Cooper Cancer Center was structured to meet the definition of a qualified active low-income community business under the provisions of the Program. Interest payments on the Agreements are made quarterly and accrue at a fixed interest rate of 1.1% per annum. Principal payments are made quarterly beginning December 2019 through September 2042. At the end of the seven-year compliance period for the new market tax credits, approximately \$6,515 of the outstanding balance of the Agreements is expected to be forgiven. The remaining \$15,781 outstanding on the Agreements is offset by the Note owed to the Health System for purposes of cash flow. The carrying values of the Health System's Note and the Cooper Cancer Center's Agreements approximate their fair value.

9. Pension Plans

Defined Contribution Plan

The Health System sponsors a noncontributory defined contribution plan covering all bargaining and nonbargaining employees. Employer contributions to the defined contribution plan are based on a formula as defined by the plan document. Costs of the defined contribution plan charged to expense were \$10,251 and \$9,274 for the years ended December 31, 2012 and 2011, respectively.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

9. Pension Plans (continued)

Defined Benefit Pension Plan

The Health System has a frozen noncontributory defined benefit pension plan (the Plan), which covered all employees who met certain criteria. The Health System uses a December 31 measurement date for the Plan. The following tables summarize information about the defined benefit pension plan.

	December 31	
	2012	2011
Change in benefit obligation		
Projected benefit obligation at beginning of year	\$ 148,278	\$ 129,843
Service cost	695	784
Interest cost	6,700	6,968
Actuarial loss	10,128	15,957
Benefits paid	(4,874)	(4,579)
Expected administrative expenses	(965)	(695)
Projected benefit obligation, end of year	\$ 159,962	\$ 148,278
Accumulated benefit obligation	\$ 159,962	\$ 148,278
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 135,419	\$ 126,600
Actual return on plan assets, net of expenses	17,237	9,093
Employer contributions	5,000	5,000
Benefits paid	(4,874)	(4,579)
Administrative expenses	(965)	(695)
Fair value of plan assets at end of year	\$ 151,817	\$ 135,419
Funded status at year end – recognized in the consolidated balance sheets as accrued retirement benefits	\$ (8,145)	\$ (12,859)
Cumulative amounts recognized in accumulated unrestricted net assets consist of:		
Net loss	\$ 44,191	\$ 45,038

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

9. Pension Plans (continued)

The estimated net loss that will be amortized from other changes in unrestricted net assets into net periodic benefit cost over the next fiscal year is \$4,150.

	December 31	
	2012	2011
Components of net periodic benefit cost and other amounts recognized in other changes in unrestricted net assets		
Net periodic benefit cost:		
Service cost	\$ 695	\$ 784
Interest cost	6,700	6,968
Expected return on plan assets	(10,422)	(9,751)
Recognized actuarial loss	4,160	2,500
	1,133	501
 Other changes in pension benefit obligation recognized in other changes in unrestricted net assets:		
Net (gain) loss	(847)	14,115
	\$ 286	\$ 14,616

Assumptions

Weighted-average assumptions used to determine benefit obligations at December 31:

Discount rate	4.12%	4.59%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

Discount rate	4.59%	5.44%
Expected long-term return on plan assets	7.75%	7.75%
Rate of compensation increase	N/A	N/A

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

9. Pension Plans (continued)

To develop the expected long-term rate of return on assets assumption, the Health System considered the historical returns and the future expectations for returns for each asset class, as well as the target allocation of the pension portfolio. This resulted in the selection of the 7.75% long-term rate of return on assets assumption.

	Asset Allocation			December 31	
	Minimum	Target	Maximum	2012	2011
Plan assets					
Weighted-average asset allocations, by asset category:					
Equity securities	35%	50%	65%	42%	43%
Debt securities	35	50	65	58	57
				<u>100%</u>	<u>100%</u>

The Health System has designed an investment strategy for Plan assets to maximize the returns without exposure to undue risk. The objectives of the strategy are to provide an absolute total return on Plan assets greater than 8.5% annually, and for the total return on Plan assets to exceed the increase in the Consumer Price Index by 4.0% annually.

The fair values of each major category of plan assets, according to the level within the fair value hierarchy in which the fair value measurements fall in their entirety are as follows:

	Assets at Fair Value			
	Total	Level 1	Level 2	Level 3
December 31, 2012				
Money market funds	\$ 6,592	\$ 6,592	\$ -	\$ -
Mutual funds	135,985	135,985	-	-
Fund of funds	9,240	-	-	9,240
	<u>\$ 151,817</u>	<u>\$ 142,577</u>	<u>\$ -</u>	<u>\$ 9,240</u>
December 31, 2011				
Money market funds	\$ 3,956	\$ 3,956	\$ -	\$ -
Mutual funds	122,446	122,446	-	-
Fund of funds	9,017	-	-	9,017
	<u>\$ 135,419</u>	<u>\$ 126,402</u>	<u>\$ -</u>	<u>\$ 9,017</u>

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

9. Pension Plans (continued)

Mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end and are included in Level 1. Fund of funds are invested in various private investment funds. Fair values of fund of funds are determined by the investment managers and are included in Level 3. Generally, fair value for fund of funds reflects net contribution to the funds, distributions made by the trustee and an ownership share of realized and unrealized investment income and expenses.

Pension benefit plan assets classified at Level 3 in the fair value hierarchy represent other investments in which the trustee has used significant unobservable inputs in the valuation model. The fair values of the fund of funds have been estimated using the net asset value per share of the investment. The following table presents a reconciliation of activity for such alternative investments:

	Fund of Funds
Balance, beginning of year	\$ 9,017
Unrealized losses relating to instruments held at reporting date	223
Balance, end of year	\$ 9,240

Cash Flows

Contributions

Contributions expected to be made to the Plan during 2013	\$ 5,000
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Estimated Future Benefit Payments

2013	\$ 6,323
2014	6,730
2015	7,227
2016	7,586
2017	8,011
2018 – 2022	45,501

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

10. Deferred Revenue

The Health System has a Debt Service Deposit Agreement and a Reserve Fund Agreement (collectively, the Agreements) with a financial institution (the Institution). According to the terms of such Agreements, the Institution advanced funds to the Health System, which were used as part of a construction project. In return, the Institution retains the right to the interest on the debt service reserve fund (presented as assets limited as to use externally designated under debt agreement on the consolidated balance sheets) deposits required under the terms of the 2005A Revenue Bonds.

These Agreements contain a termination clause which specifies that in the event the Health System redeems, defeases, repurchases, or refunds the Revenue bonds as provided for in the Master Trust Indenture, the Health System is required to pay the Institution a termination amount which is defined as an amount which would have the effect of preserving for the Institution the economic equivalent of its rights under the Agreements for the period commencing on the termination date and terminating on the last bond payment date.

The Health System has recorded the advances received from these Agreements as deferred revenue and is amortizing it into other revenue, using the interest method over the life of the 2005A Revenue Bond payments. In 2012, the Health System terminated the Debt Service Deposit and Reserve Fund Agreements and recorded a gain of \$808 in nonoperating income. The unamortized balance, which is included in deferred revenue and other liabilities on the consolidated balance sheets, was \$0 and \$2,423 at December 31, 2012 and 2011, respectively.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Self-Insured Reserves

The Health System self-insures the primary layer of its employee health benefits, professional malpractice, general, and workers' compensation liabilities. Recorded liabilities for the self-insured reserves are as follows:

	December 31	
	2012	2011
Employee health benefits	\$ 2,820	\$ 2,820
Workers' compensation	3,695	3,654
Professional and general liability	65,340	70,933
	71,855	77,407
Less current portion of self-insured reserves	14,483	14,062
	\$ 57,372	\$ 63,345

The employee health insurance program is administered through a commercial insurance company. The plan provides for covered expenses in any accredited hospital and by any licensed physician. The lifetime plan maximum per person is \$1,000.

The Health System also provides coverage for all employees for work-related injuries and illnesses. This plan pays for medical expenses and reimburses 70% of lost wages up to the state-defined maximum. Stop-loss coverage is provided at various levels depending upon the circumstances surrounding the injury or illness.

For malpractice claims reported after January 1, 2005, the Health System is self-insured through a trust up to \$6,500 per occurrence for Hospital and \$5,500 per occurrence for Physicians and \$39,000 in the annual aggregate. Claims in excess of these retained amounts are covered by a commercial claims-made insurance policy.

Claims prior to January 1, 2005 were covered by various programs combining self-insured captive insurance company and commercial claims-made insurance policies. The estimated liability for all unreported claims as of December 31, 2011 and retained uninsured risk for all prior years is included in the self-insured reserves and covered by the self-insured trust.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Self-Insured Reserves (continued)

The estimated losses on self-insured malpractice claims are discounted at a rate of 3.5%. The Health System recorded actuarial gains of \$6,613 and \$4,854 for the years 2012 and 2011, respectively. The ultimate losses are lower than prior actuarial valuations, which is a result of favorable actual loss experience as compared to originally estimated.

The Health System is also self-insured for general liability coverage, up to \$1,000 per occurrence with no annual aggregate, effective January 1, 2010 with a retro date of August 30, 1994. From January 1, 2003 until December 31, 2009, liability limits were \$3,000 per occurrence and from September 1, 1994 until December 31, 2002, limits were \$2,000 per occurrence, both with an unlimited annual aggregate.

There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

12. Commitments and Contingencies

Operating Leases

The Health System rents certain equipment and buildings under various operating lease agreements. Rental expense under these lease agreements amounted to \$18,361 and \$17,644 in 2012 and 2011, respectively.

The future minimum rental payments required under the noncancelable operating leases are as follows:

	Operating Leases
2013	\$ 15,415
2014	12,500
2015	10,496
2016	6,798
2017	4,670
Thereafter	25,190

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

12. Commitments and Contingencies (continued)

On April 12, 2006, the Health System executed an agreement to lease ground owned by the Health System to the Camden County Improvement Authority (the Authority), upon which a parking facility was constructed. The parking facility was financed, constructed, and is operated by the Authority. Upon completion of the construction in 2007, the Health System leased from the Authority approximately 57% of the total parking spaces in the facility pursuant to a parking license agreement that was also executed on April 12, 2006. Under the ground lease, the Health System receives base rent of \$100 annually over the term of the lease, and may receive additional variable rent based upon the operations of the garage. During the initial term of 15 years, The Health System's parking license fee agreement increases annually 3% during the first five years and 1.5% annually thereafter.

Department of Justice Inquiry

The Health System has received a request for information from the Department of Justice as part of a nationwide regulatory review with regard to the application of National Coverage Determination (NCD) 20.4, which describes the conditions under which Medicare will pay for the implant of internal cardiac defibrillators (ICDs). The government has inquired about approximately 240 claims dating back to 2003 where Medicare made Part A payments for ICD implantation within 30 days of a myocardial infarction or 90 days of a revascularization procedure such as an angioplasty or coronary artery bypass surgery. Final enforcement parameters that will be used by the government in evaluating the claims were announced in August 2012 and the Health System is in the process of reviewing these claims pursuant to the enforcement guidelines, in anticipation of further discussions with the government. At this time, the Health System cannot realistically quantify any potential liability nor has the government made any monetary demand to date.

The Health System has resolved an ongoing inquiry by the New Jersey Office of the Attorney General and the United States Attorney's Office in New Jersey concerning a physician advisory body established to address the provision of cardiovascular services at Cooper University Hospital. The matter was settled by agreement effective January 17, 2013, without admission of liability. Pursuant to the settlement, Cooper paid the United States and the State of New Jersey the aggregate total of \$12,600. In December 2012, the Health System also paid approximately \$430 for legal costs and counsel fees related to the settlement. The recorded estimate of this liability was increased in 2011 by \$5,000 and in 2012 by \$7,600 as more details related to the Government's position became available. The entire settlement payment has been accrued as of December 31, 2012.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

12. Commitments and Contingencies (continued)

The final outcome of any current or future litigation or governmental or internal investigations, including the unresolved matter described above, cannot be accurately predicted, nor can the Health System predict any resulting penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities. The Health System records accruals for such contingencies to the extent that it concludes it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. It is possible that the outcome of such matters could potentially have a material adverse impact on the Health System's future results of operations, financial position, and cash flows.

13. Affiliated Transactions

The Health System has a contractual relationship with the University of Medicine and Dentistry of New Jersey (UMDNJ). Under the contract, the Health System is reimbursed for certain expenses incurred for physicians' salaries and expenses relating to their teaching duties. These expenses are reimbursed from the UMDNJ. The Health System received \$4,204 and \$5,565 during the years ended December 31, 2012 and 2011, respectively.

In accordance with the Reorganization plan executed by the Executive Branch of the NJ government, which established a new four-year allopathic medical school in Southern New Jersey, UMDNJ will transfer certain specified functions, property, powers and duties in the City of Camden to Rowan University.

In 2010, the Health System executed an affiliation agreement with Rowan University. This affiliation agreement governs the roles and duties of each party with respect to The Cooper Medical School of Rowan University. The Health System has pledged support of \$18,000 through 2014 beginning in 2011. This commitment to pay is contingent upon receipt by the Health System of the annual state appropriation for affiliate hospital support. During 2012, the Health System received \$15,026 of state appropriation and paid \$10,607 in contributions to Rowan University.

The Health System additionally has a contractual relationship with Rowan University. Under the contract, the Health System is reimbursed for certain expenses incurred for physicians' salaries and expenses relating to their teaching duties. These expenses are reimbursed from Rowan University. The Health System received \$2,370 during the year ended December 31, 2012.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or have time restrictions as follows:

	December 31	
	2012	2011
Purpose:		
Various funds for benefit of the departments, programs or educational programs of the Health System	\$ 16,536	\$ 13,004
Time restricted	507	495
Total temporarily restricted net assets	\$ 17,043	\$ 13,499

The Health System follows the requirements of UPMIFA as they relate to its endowments. The Health System's endowments consist of numerous individual funds established for a variety of purposes and consist solely of donor-restricted endowment funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Health System has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Health System classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts donated to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is characterized as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. Temporarily and Permanently Restricted Net Assets (continued)

Permanently restricted net assets consist of the following permanent endowments:

	December 31	
	2012	2011
Women's Board	\$ 1,023	\$ 1,023
Radiology	501	501
Lummis Trust	200	200
Nursing education	171	171
Cleft Palate program	106	106
Physical teaching and excellence award	17	17
Nespel Estate	17	17
Scholarship	-	2
Other	439	439
Total permanently restricted net assets	\$ 2,474	\$ 2,476

The investment income earned on the above endowments is to be used for the purposes stated above, with the exception of the Nespel Estate and the Lummis Trust, for which the investment income is unrestricted. The principal is to be held in perpetuity.

The Health System has adopted investment policies for its endowment assets that are consistent with the policies and objectives of their overall investments. The assets are invested in a manner that is intended to produce a positive rate of return while assuming a low level of risk. From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the level that the donor requires the Health System to maintain in perpetual duration. Deficiencies of this nature are reported in unrestricted net assets in accordance with U.S. generally accepted accounting principles.

The Cooper Health System

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. Temporarily and Permanently Restricted Net Assets (continued)

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	Year Ended December 31	
	2012	2011
Purpose:		
Various funds for benefit of the departments, programs or educational programs of the Health System	\$ 1,380	\$ 8
Total temporarily restricted net assets	\$ 1,380	\$ 8

15. Functional Expenses

The Health System provides general health care services to residents within its service area. Expenses related to providing these services included in the consolidated statements of operations and changes in net assets are as follows:

	Year Ended December 31	
	2012	2011
Health care services	\$ 419,898	\$ 413,595
General and administrative	167,872	149,094
Physician services	223,270	209,198
	\$ 811,040	\$ 771,887

16. Subsequent Events

In 2013, Cooper Medical Services, Inc. entered into an agreement with AmeriHealth, Inc., a wholly owned subsidiary of Independence Blue Cross, and the parent of AmeriHealth New Jersey, to purchase a 20% passive minority interest in a newly formed LLC. In exchange for its 20% interest in the newly formed LLC, Cooper Medical Services, Inc. will contribute initial capital of at least \$7,500 in cash, subject to increase based upon capital requirements set by the NJ Department of Business and Insurance, as provided in the Formation Agreement.

The Cooper Health System

Notes to Consolidated Financial Statements (continued)

(In Thousands)

16. Subsequent Events (continued)

The Health System has evaluated subsequent events through April 29, 2013, the date when the financial statements were issued.

No other subsequent events have occurred that require disclosure in or adjustment to the consolidated financial statements, with the exception of the item noted above.

Single Audit and Supplementary Information

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS						
Corporation for National And Community Service						
Passed through National Association of Community Health Centers, Inc (NACHC)						
AmeriCorps	311200152	94.006	10EDHM0020042		\$ 41,926	
Passed through National Association of Community Health Centers, Inc (NACHC)						
AmeriCorps	311200152B	94.006	10EDHM0020042		13,837	
Total for CFDA Number 94.006					55,763	
Department of Agriculture						
Cooperative State Research, Education, & Extension Service:						
Passed through Boston Medical Center						
Grants for Agricultural Research – Competitive Research Grants	311500011	10.206	2008-35215-18838	\$ 3,161	3,161	
Total for CFDA Number 10.206					3,161	
Department of Defense						
U.S. Army Medical Command:						
Passed through Rutgers, The State University Military Medical Research and Development						
	311500125	12.420	W81XWH-08-2-0034	40,962	40,962	
Total for CFDA Number 12.420					40,962	
Department of Health and Human Services						
Agency for Healthcare Research and Quality:						
Passed through Vanderbilt University Research on Healthcare Costs, Quality and Outcomes						
	311500164	93.226	1R18HS020415-01	15,700	15,700	
Total for CFDA Number 93.226					15,700	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
Centers for Medicare and Medicaid Services						
Direct Award:						
Health Care Innovation Awards (HCIA) Passed Through Rutgers, The State University Health Care Innovation Awards (HCIA)	321200143 311200166	93.610 93.610	1C1CMS0330967-01-00 1C1CMS330995-01-00		119,882 14,198	
Total for CFDA Number 93.610					134,080	
Health Resources & Services Administration						
Direct Award:						
Affordable Care Act (ACA) Primary Care Residency Expansion Program	321292744	93.510	T89HP20845		210,123	
Affordable Care Act (ACA) Primary Care Residency Expansion Program	321292746	93.510	T89HP20828		209,004	
Total for CFDA Number 93.510					419,127	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	321200016	93.918	5 H76HA01727-08		94,098	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	321200114	93.918	2 H76HA01727-09-00		187,471	
Total For CFDA Number 93.918					281,569	
Special Projects of National Significance	321200076	93.928	6 H97HA22730-01		82,874	
Special Projects of National Significance	321200155	93.928	5 H97Ha22730-02-00		41,293	
Total for CFDA Number 93.928					124,167	
Passed through Philadelphia Department of Public Health AIDS Activities Coordinating Office (AACO):						
City of Philadelphia – HIV Emergency Relief Project Grants	311200010	93.914	11-20528		142,378	
City of Philadelphia – HIV Emergency Relief Project Grants	311200099	93.914	11-20528-02		598,353	
Total for CFDA Number 93.914					740,731	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
National Institutes of Health						
Passed through Polaris Health Directions, Inc.:						
Mental Health Research Grants	311594153	93.242	2 R42 MH078432-02A1	\$ 2,164	2,164	
Total for CFDA Number 93.242					2,164	
Passed through Fox Chase Cancer Center:						
Cancer Cause and Prevention Research	311594155	93.393	5 U01 CA069631-16	104	104	
Total for CFDA Number 93.393					104	
Passed through American College of Radiology:						
Cancer Treatment Research	311594138	93.395	U10 CA021661	3,678	3,678	
Passed through Gynecologic Oncology Group:						
Cancer Treatment Research	311594049	93.395	1U10 CA27469	41,869	41,869	
Passed through Fox Chase Cancer Center:						
Cancer Treatment Research	311594125	93.395	2R01 CA078084-07-11	300	300	
Total for CFDA Number 93.395					45,847	
Passed through Christina Care Health Services:						
Cancer Control	311594065	93.399	5 U10 CA 045418-20	65,616	65,616	
Total for CFDA Number 93.399					65,616	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
National Institutes of Health (continued)						
Passed through Yale University:						
Extramural Research Programs in the Neurosciences and Neurological Disorders	311594114	93.853	5 U01 NS044876-05	\$ 4,551	\$ 4,551	
Passed through University of Texas Health Science Center at San Antonio:						
Extramural Research Programs in the Neurosciences and Neurological Disorders	311594044/4115	93.853	2 U01 NS038529	3,095	3,095	
Passed through University of British Columbia:						
Extramural Research Programs in the Neurosciences and Neurological Disorders	311594141	93.853	U01 NS038529	27,890	27,890	
Total for CFDA Number 93.853					<u>35,536</u>	
Passed through University of Minnesota:						
Allergy, Immunology and Transplantation Research	311500045	93.855	1 U01 –AI068641	33,727	33,727	
Allergy, Immunology and Transplantation Research	311500126	93.855	U01 –AI068641	55,961	55,961	
Passed through Institute for Clinical Research Inc.:						
Allergy, Immunology and Transplantation Research	311594139	93.855	1 U01 –AI068641	2,783	2,783	
Allergy, Immunology and Transplantation Research	311594140	93.855	1 U01 –AI068641	1,576	1,576	
Passed through the George Washington University:						
Allergy, Immunology and Transplantation Research	311500004	93.855	U01 AI069503-05	26,723	26,723	
Allergy, Immunology and Transplantation Research	311500094	93.855	U01 AI069503-06	373,479	373,479	
Passed through Social & Scientific Systems, Inc.:						
Allergy, Immunology and Transplantation Research	311500093	93.855	U01 AI068636-06	225	225	
Allergy, Immunology and Transplantation Research	311594152	93.855	U01 AI068636-01	7,041	7,041	
Total for CFDA Number 93.855					<u>501,515</u>	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
National Institutes of Health (continued)						
Passed through Social & Scientific Systems, Inc.						
Microbiology and Infectious Disease Research	311594027	93.856	U01 AI46362	\$ 11,514	\$ 11,514	
Microbiology and Infectious Disease Research	311594036	93.856	U01 AI46362	49,001	49,001	
Total for CFDA Number 93.856					<u>60,515</u>	
Passed through University of Medicine & Dentistry of New Jersey (UMDNJ) Robert Wood Johnson Medical School:						
Biomedical Research & Research Training	311500032	93.859	5K23GM083211-04	33,556	33,556	
Biomedical Research & Research Training	311500123	93.859	1K23GM083211-01	76,639	76,639	
Total for CFDA Number 93.859					<u>110,195</u>	
Passed through New York University School of Medicine:						
Cardiovascular Diseases Research	311594066	93.837	U01-HL62509-0-1A1	439	439	
Passed through AXIO Research, LLC:						
Cardiovascular Diseases Research	311594066	93.837	U01HL081649-01	25,632	25,632	
Passed through Duke University:, LLC:						
Cardiovascular Diseases Research	311594157	93.837	5U04HL089786-05	3,160	3,160	
Passed through Oregon Health & Sciences:						
Cardiovascular Diseases Research	311500078	93.837	R01 HL 073980	43,317	43,317	
Passed through Oregon Health & Sciences:						
Cardiovascular Diseases Research	311500154	93.837	R01 HL 073980	32,838	32,838	
Total for CFDA Number 93.837					<u>105,386</u>	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
National Institute of Diabetes & Digestive & Kidney Diseases						
Direct Award:						
Diabetes, Digestive and Kidney Disease Extramural Research	311500028	93.847	7R01DK077116	\$ 84,243	\$ 84,243	
Passed through Columbia University:						
Diabetes, Digestive and Kidney Diseases Extramural Research	341595020	93.847	1 N01 HCN-95184	33,292	<u>33,292</u>	
Total for CFDA Number 93.847					117,535	
National Institutes of Health – ARRA						
Passed through University of Medicine & Dentistry of New Jersey (UMDNJ) Robert Wood Johnson Medical School:						
Trans-NIH Recovery Act Research Support	311594135	93.701	3K23GM083211-02	5,895	<u>5,895</u>	
Total for CFDA Number 93.701					5,895	
Passed through NJ Health Care Facilities Financing Authority						
ARRA-State Grant to Promote Health Information Technology	311200026	93.719	90HT0049/01		<u>212,014</u>	
Total for CFDA Number 93.719					212,014	
Agency for Healthcare Research and Quality – ARRA						
Passed through Rutgers, The State University of New Jersey:						
Recovery Act – Comparative Effectiveness Research – AHRQ	311294162	93.715	1R24HS019678		<u>28,740</u>	
Total for CFDA Number 93.715					28,740	
Passed through State Department of Health and Senior Services:						
HIV Prevention Activities-Health Department Based	331200127	93.940	AIDS12NAV002		<u>87,500</u>	
Total for CFDA Number 93.940					87,500	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
Agency for Healthcare Research and Quality – ARRA (continued)						
Coordinated Services and Access to Research for Women, Infants, Children and Youth	331200059	93.153	DFHS12PDA001		\$ 249,249	
Coordinated Services and Access to Research for Women, Infants, Children and Youth	331200141	93.153	DFHS13PDA003		125,250	
Total for CFDA Number 93.153					<u>374,499</u>	
National Bioterrorism Hospital Preparedness Program	331200035	93.889	PHLP12MCC001		162,077	
National Bioterrorism Hospital Preparedness Program	331200043	93.889	PHLP12FUL005		252,509	
National Bioterrorism Hospital Preparedness Program	331200133	93.889	PHLP13MCC004		106,787	
Total for CFDA Number 93.889					<u>521,373</u>	
HIV Care Formula Grants	331200141	93.917	DFHS13PDA003		48,539	
Total for CFDA Number 93.917					<u>48,539</u>	
Maternal & Child Health Services Block Grant to the States	331200034	93.994	DFHS12EIP001		29,461	
Maternal & Child Health Services Block Grant to the States	331200042	93.994	DFHS12EVL001		9,398	
Maternal & Child Health Services Block Grant to the States	331200128	93.994	DFHS13EVL004		10,483	
Maternal & Child Health Services Block Grant to the States	331200135	93.994	DFHS13EIP002		30,679	
Total for CFDA Number 93.994					<u>80,021</u>	
Centers for Disease Control and Prevention Investigations and Technical Assistance	331200040	93.283	DFHS12CED016		105,151	
Centers for Disease Control and Prevention Investigations and Technical Assistance	331200038	93.283	DFHS12CCC009		4,814	
Centers for Disease Control and Prevention Investigations and Technical Assistance	331200131	93.283	DFHS13CED002		34,774	
Centers for Disease Control and Prevention Investigations and Technical Assistance	331200134	93.283	DFHS13CCCC003		4,221	
Total for CFDA Number 93.283					<u>148,960</u>	

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL GRANTS (continued)						
Department of Education						
Student Financial Assistance Cluster:						
Federal Family Education Loans	351793083	84.032			\$ 283,191	
Federal PELL Grant Program	351793539	84.063			<u>72,152</u>	
Total Federal Student Aid Cluster					355,343	
Total Research and Development Cluster				<u>\$ 1,110,131</u>		
Total Federal Awards					<u>4,722,557</u>	
STATE OF NEW JERSEY GRANTS						
Department of Health and Senior Services						
Direct Awards:						
Cooper Health Debt Services	331892647		09-1838-FS-H-0			<u>\$ 10,226,057</u>
						10,226,057
HIV/AIDS Care and Treatment 2012	331200033		AIDS12CTR033			351,648
HIV/AIDS Care and Treatment 2013	331200132		AIDS13CTR019			<u>319,542</u>
						671,190
EIP/Pediatric Tertiary Services	331200034		DFHS12EIP001			122,543
EIP/Pediatric Tertiary Services	331200135		DFHS13EIP002			<u>122,719</u>
						245,262
Barnes/MCC 7/11-6/12	331200035		PHLP12MCC001			4,546
						<u>4,546</u>
Tuberculosis Control (TB), Specialty Clinic Services	331200036		EPID12TBS007			105,299
Tuberculosis Control (TB), Specialty Clinic Services	331200137		EPID13TBS003			<u>110,014</u>
						215,313

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
STATE OF NEW JERSEY GRANTS (continued)						
Department of Health and Senior Services (continued)						
Newborn Screening & Genetics Services 2012	331200037		DFHS12NWB002		\$	136,734
Newborn Screening & Genetics Services 2013	331200129		DFHS13NWB004			130,166
						<u>266,900</u>
Comprehensive Cancer Control 2012	331200038		DFHS12CCC009			68,624
Comprehensive Cancer Control 2013	331200134		DFHS13CCC003			39,699
						<u>108,323</u>
Early Intervention Services/Pediatric Tertiary Services	331200039		DFHS12EIP002			126,929
Early Intervention Services/Pediatric Tertiary Services	331200130		DFHS13EIP001			118,691
						<u>245,620</u>
New Jersey Cancer Education and Early Detection	331200040		DFHS12CED016			270,340
New Jersey Cancer Education and Early Detection	331200131		DFHS13CED002			300,716
						<u>571,056</u>
HIV/AIDS Care and Treatment 2012; HIV/AIDS Counseling and Testing	331200041		AIDS12CTR018			52,468
Notification Assistance Program 2012; HIV/AIDS Counseling and Testing	331200085		AIDS12CTN012			53,329
Notification Assistance Program 2013	331200138/139		AIDS13CTN007			102,020
						<u>207,817</u>
Special Child Health & Early Intervention, Child Evaluation Centers 2012	331200042		DFHS12EVL001			92,195
Special Child Health Child Evaluation Centers 2013	331200128		DFHS13EVL004			106,000
						<u>198,195</u>

The Cooper Health System

Schedule of Expenditures of Federal and State of New Jersey Awards (continued)

Year Ended December 31, 2012

Grant/Program Title	CHS #	Federal CFDA/ Contract Number	Pass-Through/ Grantor Number	Research and Development Cluster	Fed. (Direct and Pass-Through) Expenditures	State Expenditures
STATE OF NEW JERSEY GRANTS (continued)						
Department of Health and Senior Services (continued)						
PHILEP (Modular Medical Expansion System) 2012	331200091		PHLP12MES002		\$ 146,928	<u>146,928</u>
CHS Cancer Care Program for Southern NJ	331800165		13-1858-FS-H-0		6,702,169	<u>6,702,169</u>
Department of Health and Senior Services: Subrecipient: Rowan Medical School	311800086		MGMT12RMS001		5,302,002	<u>5,302,002</u>
Total State of New Jersey Department of Health and Senior Services						<u>25,111,378</u>
State of NJ Department of Community Affairs						
Cooper Plaza Housing & Economic Development	311994150		2009-02240-1856-02		394,004	<u>394,004</u>
Total Department of Community Affairs						<u>394,004</u>
State of NJ Department of Children and Families						
Southern NJ HIV Program	331200084		12 DADS		47,784	<u>47,784</u>
Total Department of Children and Families						<u>47,784</u>
State of NJ Office of Homeland Security & Preparedness						
H2:S2 Grant Programs – Hospitals	331200014		2011-NJSA-1785		18,352	<u>18,352</u>
Total Office of Homeland Security & Preparedness						<u>18,352</u>
Department of Labor:						
New Jersey Department of Labor Customized Training Grant	331200144		CT 120225		201,520	<u>201,520</u>
Total New Jersey Department of Labor						<u>201,520</u>
Grand Total					<u>\$ 1,110,131</u>	<u>\$ 4,722,557</u>
					<u>\$ 25,773,038</u>	

See Note to Schedule of Expenditures of Federal and State of New Jersey Awards.

The Cooper Health System

Note to Schedule of Expenditures of Federal and State of New Jersey Awards

December 31, 2012

1. Summary of Significant Accounting Policies

Basis of Presentation and Nature of Awards

The accompanying Schedule of Expenditures of Federal and State of New Jersey Awards (the Schedule) has been prepared to present a summary of those activities of The Cooper Health System (the Health System) for the year ended December 31, 2012, which have been financed by the U.S. Government (federal awards) and the State of New Jersey (state awards). The Health System recognized expenditures of federal and State of New Jersey program funds on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the *City of Philadelphia Subrecipient Audit Guide*. Therefore, the Schedule presents only a selected portion of the activities of the Health System, and it is not intended to and does not present the financial position, operations, changes in net assets, or cash flows of the Health System.

For the purpose of the Schedule, federal and state awards include all financial assistance relationships entered into directly between the Health System and the federal and state government and sub-awards from non-federal organizations made under federally sponsored agreements. The federal and state awards received by the Health System consist primarily of community service type awards, including clinical treatment and research. Federal awards have been classified as either direct (awards received directly from a federal agency) or pass-through awards (awards received from a non-federal agency). The state awards reflect expenditures from the State of New Jersey Department of Health and Senior Services, the State of New Jersey Department of Community Affairs, the State of New Jersey Department of Children and Families, State of New Jersey Department of Labor, State of New Jersey Office of Homeland Security and Preparedness, and excludes other state-funded programs.

Student Financial Assistance Cluster

During the year ended December 31, 2012, the Health System processed \$283,191 of new loans under the Federal Family Education Loan Program (CFDA No. 84.032). Since this loan program is administered by an outside financial institution, new loans made in the fiscal year ended December 31, 2012 relating to this program are considered current-year federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended December 31, 2012 are reported in the Schedule of Expenditures of Federal and State of New Jersey Awards.

Report of Independent Auditors on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of the Financial Statements Performed in Accordance
with *Government Auditing Standards*

Board of Trustees
The Cooper Health System

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Cooper Health System, which comprise the consolidated balance sheet as of December 31, 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Cooper Health System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Cooper Health System's internal control. Accordingly, we do not express an opinion on the effectiveness of The Cooper Health System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Cooper Health System's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

April 29, 2013

Report of Independent Auditors on Compliance for Each Major
Federal and State Program and Report on Internal Control
Over Compliance Required by OMB Circular A-133
and New Jersey OMB Circular Letter 04-04

Management and Board of Trustees
The Cooper Health System

Report on Compliance for Each Major Federal and State Program

We have audited The Cooper Health System's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the New Jersey Office of Management and Budget (NJOMB) Circular Letter 04-04, *State Compliance Supplement*, that could have a direct and material effect on each of The Cooper Health System's major federal and state programs for the year ended December 31, 2012. The Cooper Health System's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Cooper Health System's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; NJOMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and the *Philadelphia Subrecipient Audit Guide*. Those standards, OMB Circular A-133, NJOMB Circular Letter 04-04, and the *Philadelphia Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about The Cooper Health System's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of The Cooper Health System's compliance.

Opinion on Each Major Federal and State Program

In our opinion, The Cooper Health System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of The Cooper Health System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Cooper Health System's internal control over compliance with types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, NJOMB Circular Letter 04-04, and the *Philadelphia Subrecipient Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Cooper Health System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, NJOMB Circular Letter 04-04, and the *City of Philadelphia Subrecipient Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

September 30, 2013

The Cooper Health System

Schedule of Findings and Questioned Costs

Year Ended December 31, 2012

Part I – Summary of Auditors’ Results

Financial Statements Section

Type of auditors’ report issued: Unmodified, with reference to a change in accounting principles

Internal control over financial reporting:

Material weaknesses identified? Yes No
Significant deficiencies identified? Yes None reported
Noncompliance material to financial statements noted? Yes No

Federal and State Awards Section

Internal control over major programs:

Material weaknesses identified? Yes No
Significant deficiencies identified? Yes None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133 and the NJOMB Circular Letter 04-04? Yes No

The Cooper Health System

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2012

Part I – Summary of Auditors’ Results (continued)

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
93.510	Affordable Care Act (ACA) Primary Care Residency Expansion Program
93.914	HIV Emergency Relief Project Grants
93.719	ARRA – State Grant to Promote Health Information Technology

Contract Number	Name of State Program
13-1858-FS-H-0	CHS Cancer Care Program for Southern NJ

Dollar threshold used to distinguish between Type A and Type B programs: Federal – \$300,000
State – \$773,191

Auditee qualified as low-risk auditee? Yes No

Part II – Financial Statement Findings Sections

No significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit were identified.

Part III – Federal and State Award Findings and Questioned Costs Section

No significant deficiencies, material weaknesses, or instances of material noncompliance, including questioned costs, as well as any abuse findings involving federal or state awards that are material to a major program as requested to be reported by OMB Circular A-133 section .510(a) and NJOMB Circular Letter 04-04 were identified.

New Jersey Department of Health
and Senior Services

The Cooper Health System

Schedule of Costs

Cooper Health Debt Services
 09-1838-FS-H-0
 Program Period: 07/01/08 – 6/30/14
 Award Amount: \$42,378,564
 3311892647

	Amount of Approved Budget (unaudited)	2008-2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe Benefits	-	-	-	-	-	-	-
B. Consultant/Professional Services Cost	-	-	-	-	-	-	-
C. Other Cost Categories							
Office Expense and Related Cost	-	-	-	-	-	-	-
Program Expense and Related Cost	-	-	-	-	-	-	-
Staff Training and Education Cost	-	-	-	-	-	-	-
Travel, Conferences and Meetings	-	-	-	-	-	-	-
Equipment and Other Capital Expenditures	42,378,564	7,264,728	-	10,226,057	-	17,490,785	(24,887,779)
Facility Cost	-	-	-	-	-	-	-
Debt Services	-	-	-	-	-	-	-
	<u>\$ 42,378,564</u>	<u>\$ 7,264,728</u>	<u>\$ -</u>	<u>\$ 10,226,057</u>	<u>\$ -</u>	<u>\$ 17,490,785</u>	<u>\$(24,887,779)</u>

The Cooper Health System

Schedule of Costs

HIV/AIDS Care & Treatment 2012

AIDS12CTR033

Program Period: 07/01/11 – 06/30/12

Award Amount: \$727,092

331200033

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 571,343	\$ 309,466	\$ –	\$ 271,894	\$ –	\$ 581,360	\$ 10,017
Fringe Benefits	118,839	64,369	–	56,555	–	120,924	2,085
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	6,392	–	–	3,901	–	3,901	(2,491)
Program Expense and Related Cost	22,258	1,472	–	19,132	–	20,604	(1,654)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	804	137	–	166	–	303	(501)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Other	7,456	–	–	–	–	–	(7,456)
	<u>\$ 727,092</u>	<u>\$ 375,444</u>	<u>\$ –</u>	<u>\$ 351,648</u>	<u>\$ –</u>	<u>\$ 727,092</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

EIP/Pediatric Tertiary Care
 DFHS12EIP001
 Program Period: 07/01/11 – 06/30/12
 Award Amount: \$313,700
 331200034

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 259,685	\$ 107,911	\$ 25,943	\$ 101,442	\$ 24,389	\$ 259,685	\$ –
Fringe Benefits	54,015	22,446	5,396	21,101	5,072	54,015	–
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 313,700</u>	<u>\$ 130,357</u>	<u>\$ 31,339</u>	<u>\$ 122,543</u>	<u>\$ 29,461</u>	<u>\$ 313,700</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

PHILEP MCC 2012

PHLP12MCC001

Program Period: 07/01/11 – 06/30/12

Award Amount: \$271,183

331200035

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 87,146	\$ –	\$ 45,833	\$ 1,570	\$ 43,288	\$ 90,691	\$ 3,545
Fringe Benefits	18,127	–	9,236	327	8,722	18,285	158
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	9,920	–	2,165	–	9,437	11,602	1,682
Program Expense and Related Cost	92,621	–	42,162	2,649	41,345	86,156	(6,465)
Staff Training and Education Cost	4,241	–	30	–	4,041	4,071	(170)
Travel, Conferences and Meetings	3,000	–	–	–	3,796	3,796	796
Equipment and Other Capital Expenditures	56,128	–	4,680	–	51,448	56,128	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 271,183</u>	<u>\$ –</u>	<u>\$ 104,106</u>	<u>\$ 4,546</u>	<u>\$ 162,077</u>	<u>\$ 270,729</u>	<u>\$ (454)</u>

The Cooper Health System

Schedule of Costs

Tuberculosis Control (TB), Specialty Clinic Services

EPID12TBS007

Program Period: 07/01/11 – 06/30/12

Award Amount: \$208,690

331200036

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 167,988	\$ 85,326	\$ –	\$ 84,511	\$ –	\$ 169,837	\$ 1,849
Fringe Benefits	34,942	17,748	–	17,578	–	35,326	384
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	855	317	–	4	–	321	(534)
Program Expense and Related Cost	500	–	–	485	–	485	(15)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	1,180	–	–	1,595	–	1,595	415
Equipment and Other Capital Expenditures	2,225	–	–	1,126	–	1,126	(1,099)
Facility Cost	–	–	–	–	–	–	–
Other	1,000	–	–	–	–	–	(1,000)
	<u>\$ 208,690</u>	<u>\$ 103,391</u>	<u>\$ –</u>	<u>\$ 105,299</u>	<u>\$ –</u>	<u>\$ 208,690</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

Newborn Screening and Genetic Services 2012

DFHS12NWB002

Program Period: 07/01/11 – 06/30/12

Award Amount: \$279,000

331200037

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 210,217	\$ 110,642	\$ –	\$ 101,899	\$ –	\$ 212,541	\$ 2,324
Fringe Benefits	43,725	23,013	–	21,195	–	44,208	483
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	21,058	8,611	–	10,664	–	19,275	(1,783)
Staff Training and Education Cost	4,000	–	–	2,976	–	2,976	(1,024)
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 279,000</u>	<u>\$ 142,266</u>	<u>\$ –</u>	<u>\$ 136,734</u>	<u>\$ –</u>	<u>\$ 279,000</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

Comprehensive Cancer Control 2012

DFHS12CCC009

Program Period: 07/01/11 – 06/30/12

Award Amount: \$104,814

331200038

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 10,089	\$ 5,407	\$ –	\$ 5,447	\$ –	\$ 10,854	\$ 765
Fringe Benefits	2,099	1,125	–	1,133	–	2,258	159
B. Consultant/Professional Services Cost	64,200	24,000	–	35,868	–	59,868	(4,332)
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	27,814	844	–	25,568	4,814	31,226	3,412
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	612	–	–	608	–	608	(4)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 104,814</u>	<u>\$ 31,376</u>	<u>\$ –</u>	<u>\$ 68,624</u>	<u>\$ 4,814</u>	<u>\$ 104,814</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

Early Intervention Services/Pediatric Tertiary Services
 DFHS11EIP002
 Program Period: 07/01/11 – 06/30/12
 Award Amount: \$252,000
 331200039

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 183,192	\$ 96,979	\$ –	\$ 87,070	\$ –	\$ 184,049	\$ 857
Fringe Benefits	38,104	20,172	–	18,110	–	38,282	178
B. Consultant/Professional Services Cost	21,720	7,920	–	14,408	–	22,328	608
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	1,712	–	–	1,430	–	1,430	(282)
Travel, Conferences and Meetings	7,272	–	–	5,911	–	5,911	(1,361)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 252,000</u>	<u>\$ 125,071</u>	<u>\$ –</u>	<u>\$ 126,929</u>	<u>\$ –</u>	<u>\$ 252,000</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

New Jersey Cancer Education and Early Detection
 DFHS12CED016
 Program Period: 07/01/11 – 06/30/12
 Award Amount: \$595,430
 331200040

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 208,893	\$ 84,975	\$ 26,634	\$ 90,598	\$ 16,281	\$ 218,488	\$ 9,595
Fringe Benefits	43,449	17,675	5,540	18,844	3,386	45,445	1,996
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	1,000	–	–	612	–	612	(388)
Program Expense and Related Cost	337,588	83,722	–	157,056	85,484	326,262	(11,326)
Staff Training and Education Cost	2,000	122	–	1,706	–	1,828	(172)
Travel, Conferences and Meetings	2,500	521	–	1,524	–	2,045	(455)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 595,430</u>	<u>\$ 187,015</u>	<u>\$ 32,174</u>	<u>\$ 270,340</u>	<u>\$ 105,151</u>	<u>\$ 594,680</u>	<u>\$ (750)</u>

The Cooper Health System

Schedule of Costs

HIV/AIDS Care and Treatment 2012
 AIDS12CTR018
 Program Period: 07/01/11 – 06/30/12
 Award Amount: \$112,766
 331200041

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 92,418	\$ 49,543	\$ –	\$ 43,298	\$ –	\$ 92,841	\$ 423
Fringe Benefits	19,223	10,305	–	9,006	–	19,311	88
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	500	–	–	122	–	122	(378)
Program Expense and Related Cost	525	450	–	42	–	492	(33)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	100	–	–	–	–	–	(100)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 112,766</u>	<u>\$ 60,298</u>	<u>\$ –</u>	<u>\$ 52,468</u>	<u>\$ –</u>	<u>\$ 112,766</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

Special Child Health & Early Intervention, Child Evaluation Centers 2012

DFHS12EVL001

Program Period: 07/01/11 – 06/30/12

Award Amount: \$227,000

331200042

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 187,914	\$ 94,210	\$ 9,604	\$ 76,320	\$ 7,780	\$ 187,914	\$ –
Fringe Benefits	39,086	19,595	1,998	15,875	1,618	39,086	–
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 227,000</u>	<u>\$ 113,805</u>	<u>\$ 11,602</u>	<u>\$ 92,195</u>	<u>\$ 9,398</u>	<u>\$ 227,000</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

PHILEP (Full Grant) 2012
 PHLP12FUL005
 Program Period: 07/01/11 – 6/30/12
 Award Amount: \$252,520
 331200043

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe Benefits	-	-	-	-	-	-	-
B. Consultant/Professional Services Cost	-	-	-	-	-	-	-
C. Other Cost Categories							
Office Expense and Related Cost	-	-	-	-	-	-	-
Program Expense and Related Cost	79,111	-	-	-	80,942	80,942	1,831
Staff Training and Education Cost	-	-	-	-	-	-	-
Travel, Conferences and Meetings	-	-	-	-	-	-	-
Equipment and Other Capital Expenditures	173,409	-	-	-	171,567	171,567	(1,842)
Facility Cost	-	-	-	-	-	-	-
Sub-Grants	-	-	-	-	-	-	-
	<u>\$ 252,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,509</u>	<u>\$ 252,509</u>	<u>\$ (11)</u>

The Cooper Health System

Schedule of Costs

Pediatric AIDS
 DFHS12PDA001
 Program Period: 08/01/11 – 07/31/12
 Award Amount: \$450,325
 331200059

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 355,815	\$ –	\$ 163,270	\$ –	\$ 193,930	\$ 357,200	\$ 1,385
Fringe Benefits	74,010	–	33,960	–	40,338	74,298	288
B. Consultant/Professional Services Cost	7,500	–	–	–	7,500	7,500	–
C. Other Cost Categories							
Office Expense and Related Cost	2,500	–	440	–	1,261	1,701	(799)
Program Expense and Related Cost	4,000	–	619	–	2,795	3,414	(586)
Staff Training and Education Cost	1,500	–	550	–	459	1,009	(491)
Travel, Conferences and Meetings	5,000	–	2,237	–	2,966	5,203	203
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 450,325</u>	<u>\$ –</u>	<u>\$ 201,076</u>	<u>\$ –</u>	<u>\$ 249,249</u>	<u>\$ 450,325</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

HIV/AIDS Counseling & Testing/Notification Assistance Program 2012

AIDS12CTN012

Program Period: 01/01/12 – 6/30/12

Award Amount: \$53,329

331200085

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 43,506	\$ –	\$ –	\$ 44,835	\$ –	\$ 44,835	\$ 1,329
Fringe Benefits	9,049	–	–	7,263	–	7,263	(1,786)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	450	–	–	699	–	699	249
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	324	–	–	532	–	532	208
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 53,329</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 53,329</u>	<u>\$ –</u>	<u>\$ 53,329</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

PHILEP (Modular Medical Expansion System) 2012

PHLP12MES002

Program Period: 12/01/2011 – 2/20/2013

Award Amount: \$323,191

331200091

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Fringe Benefits	–	–	–	–	–	–	–
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	322,667	–	–	146,928	–	146,928	(175,739)
Staff Training and Education Cost	524	–	–	–	–	–	(524)
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Contracts	–	–	–	–	–	–	–
	<u>\$ 323,191</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 146,928</u>	<u>\$ –</u>	<u>\$ 146,928</u>	<u>\$ (176,263)</u>

The Cooper Health System

Schedule of Costs

HIV/AIDS Navigator 2012
 AIDS12NAV002
 Program Period: 07/01/12 – 12/31/12
 Award Amount: \$87,500
 331200127

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 59,238	\$ –	\$ –	\$ –	\$ 62,298	\$ 62,298	\$ 3,060
Fringe Benefits	9,597	–	–	–	10,093	10,093	496
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	1,080	–	–	–	533	533	(547)
Program Expense and Related Cost	4,720	–	–	–	4,308	4,308	(412)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	721	–	–	–	733	733	12
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
Indirect Cost	12,144	–	–	–	9,535	9,535	(2,609)
	<u>\$ 87,500</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 87,500</u>	<u>\$ 87,500</u>	<u>\$ –</u>

The Cooper Health System

Schedule of Costs

Special Child Health Evaluation Centers 2013

DFHS13EVL004

Program Period: 07/01/12 – 06/30/13

Award Amount: \$233,500

331200128

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 195,353	\$ –	\$ –	\$ 91,222	\$ 9,022	\$ 100,244	\$ (95,109)
Fringe Benefits	31,647	–	–	14,778	1,461	16,239	(15,408)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	6,500	–	–	–	–	–	(6,500)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 233,500</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 106,000</u>	<u>\$ 10,483</u>	<u>\$ 116,483</u>	<u>\$ (117,017)</u>

The Cooper Health System

Schedule of Costs

Newborn Screening and Genetic Services 2013

DFHS13NWB004

Program Period: 07/01/12 – 06/30/13

Award Amount: \$279,000

331200129

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 229,777	\$ –	\$ –	\$ 111,116	\$ –	\$ 111,116	\$ (118,661)
Fringe Benefits	37,223	–	–	18,001	–	18,001	(19,222)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	12,000	–	–	1,049	–	1,049	(10,951)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 279,000</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 130,166</u>	<u>\$ –</u>	<u>\$ 130,166</u>	<u>\$ (148,834)</u>

The Cooper Health System

Schedule of Costs

Early Intervention Services, Pediatric Tertiary Services 2013
 DFHS13EIP001
 Program Period: 07/01/12 – 06/30/13
 Award Amount: \$252,000
 331200130

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 192,681	\$ –	\$ –	\$ 95,328	\$ –	\$ 95,328	\$ (97,353)
Fringe Benefits	31,214	–	–	15,443	–	15,443	(15,771)
B. Consultant/Professional Services Cost	18,720	–	–	7,920	–	7,920	(10,800)
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	2,400	–	–	–	–	–	(2,400)
Travel, Conferences and Meetings	6,985	–	–	–	–	–	(6,985)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 252,000</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 118,691</u>	<u>\$ –</u>	<u>\$ 118,691</u>	<u>\$ (133,309)</u>

The Cooper Health System

Schedule of Costs

New Jersey Cancer Education and Early Detection

DFHS13CED002

Program Period: 07/01/12 – 06/30/13

Award Amount: \$856,600

331200131

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 247,896	\$ –	\$ –	\$ 86,806	\$ 29,926	\$ 116,732	\$ (131,164)
Fringe Benefits	40,159	–	–	14,063	4,848	18,911	(21,248)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	1,000	–	–	13	–	13	(987)
Program Expense and Related Cost	563,045	–	–	198,560	–	198,560	(364,485)
Staff Training and Education Cost	2,000	–	–	679	–	679	(1,321)
Travel, Conferences and Meetings	2,500	–	–	595	–	595	(1,905)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 856,600</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 300,716</u>	<u>\$ 34,774</u>	<u>\$ 335,490</u>	<u>\$ (521,110)</u>

The Cooper Health System

Schedule of Costs

HIV/AIDS Care & Treatment 2013

AIDS13CTR019

Program Period: 07/01/12 – 06/30/13

Award Amount: \$742,557

331200132

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 558,004	\$ –	\$ –	\$ 267,985	\$ –	\$ 267,985	\$ (290,019)
Fringe Benefits	90,397	–	–	43,414	–	43,414	(46,983)
B. Consultant/Professional Services Cost	6,706	–	–	–	–	–	(6,706)
C. Other Cost Categories							
Office Expense and Related Cost	3,000	–	–	–	–	–	(3,000)
Program Expense and Related Cost	44,150	–	–	8,143	–	8,143	(36,007)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	792	–	–	–	–	–	(792)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Reserve	39,508	–	–	–	–	–	(39,508)
	<u>\$ 742,557</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 319,542</u>	<u>\$ –</u>	<u>\$ 319,542</u>	<u>\$ (423,015)</u>

The Cooper Health System

Schedule of Costs

PHILEP MCC 2013

PHLP13MCC004

Program Period: 07/01/12 – 06/30/13

Award Amount: \$219,000

331200133

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 89,200	\$ –	\$ –	\$ –	\$ 43,487	\$ 43,487	\$ (45,713)
Fringe Benefits	14,450	–	–	–	7,045	7,045	(7,405)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	4,100	–	–	–	514	514	(3,586)
Program Expense and Related Cost	90,644	–	–	–	55,741	55,741	(34,903)
Staff Training and Education Cost	16,856	–	–	–	–	–	(16,856)
Travel, Conferences and Meetings	3,750	–	–	–	–	–	(3,750)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 219,000</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 106,787</u>	<u>\$ 106,787</u>	<u>\$ (112,213)</u>

The Cooper Health System

Schedule of Costs

Comprehensive Cancer Control 2013

DFHS13CCC003

Program Period: 07/01/12 – 06/30/13

Award Amount: \$132,763

331200134

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 22,138	\$ –	\$ –	\$ 10,930	\$ 1,162	\$ 12,092	\$ (10,046)
Fringe Benefits	3,586	–	–	1,771	188	1,959	(1,627)
B. Consultant/Professional Services Cost	60,502	–	–	24,150	2,568	26,718	(33,784)
C. Other Cost Categories							
Office Expense and Related Cost	3,620	–	–	–	–	–	(3,620)
Program Expense and Related Cost	42,917	–	–	2,848	303	3,151	(39,766)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 132,763</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 39,699</u>	<u>\$ 4,221</u>	<u>\$ 43,920</u>	<u>\$ (88,843)</u>

The Cooper Health System

Schedule of Costs

EIP/Pediatric Tertiary Services
 DFHS13EIP002
 Program Period: 07/01/12 – 06/30/13
 Award Amount: \$313,700
 331200135

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 269,966	\$ –	\$ –	\$ 105,610	\$ 26,402	\$ 132,012	\$ (137,954)
Fringe Benefits	43,734	–	–	17,109	4,277	21,386	(22,348)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 313,700</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 122,719</u>	<u>\$ 30,679</u>	<u>\$ 153,398</u>	<u>\$ (160,302)</u>

The Cooper Health System

Schedule of Costs

Tuberculosis Control (TB), Specialty Clinic Services 2013
 EPID13TBS003
 Program Period: 07/01/12 – 06/30/13
 Award Amount: \$234,518
 331200137

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 189,390	\$ –	\$ –	\$ 94,677	\$ –	\$ 94,677	\$ (94,713)
Fringe Benefits	30,681	–	–	15,337	–	15,337	(15,344)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	771	–	–	–	–	–	(771)
Program Expense and Related Cost	10,711	–	–	–	–	–	(10,711)
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	1,765	–	–	–	–	–	(1,765)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Other	1,200	–	–	–	–	–	(1,200)
	<u>\$ 234,518</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 110,014</u>	<u>\$ –</u>	<u>\$ 110,014</u>	<u>\$ (124,504)</u>

The Cooper Health System

Schedule of Costs

HIV/AIDS Counseling & Testing/Notification Assistance Program 2013

AIDS13CTN007

Program Period: 07/01/12 – 06/30/13

Award Amount: \$234,196

331200138 & 331200139

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 174,606	\$ –	\$ –	\$ 86,038	\$ –	\$ 86,038	\$ (88,568)
Fringe Benefits	28,286	–	–	13,938	–	13,938	(14,348)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	2,904	–	–	135	–	135	(2,769)
Program Expense and Related Cost	3,144	–	–	1,109	–	1,109	(2,035)
Staff Training and Education Cost	200	–	–	–	–	–	(200)
Travel, Conferences and Meetings	3,350	–	–	800	–	800	(2,550)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Reserve	20,446	–	–	–	–	–	(20,446)
Other	1,260	–	–	–	–	–	(1,260)
	<u>\$ 234,196</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 102,020</u>	<u>\$ –</u>	<u>\$ 102,020</u>	<u>\$ (132,176)</u>

The Cooper Health System

Schedule of Costs

Pediatric AIDS
 DFHS13PDA003
 Program Period: 08/01/12 – 07/31/13
 Award Amount: \$447,500
 331200141

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 366,941	\$ –	\$ –	\$ –	\$ 146,274	\$ 146,274	\$ (220,667)
Fringe Benefits	59,444	–	–	–	23,696	23,696	(35,748)
B. Consultant/Professional Services Cost	7,500	–	–	–	–	–	(7,500)
C. Other Cost Categories							
Office Expense and Related Cost	2,426	–	–	–	60	60	(2,366)
Program Expense and Related Cost	4,250	–	–	–	1,238	1,238	(3,012)
Staff Training and Education Cost	1,500	–	–	–	860	860	(640)
Travel, Conferences and Meetings	5,439	–	–	–	1,661	1,661	(3,778)
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Sub-Grants	–	–	–	–	–	–	–
	<u>\$ 447,500</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 173,789</u>	<u>\$ 173,789</u>	<u>\$ (273,711)</u>

The Cooper Health System

Schedule of Costs

CHS Cancer Care Program for Southern NJ

13-1858-FS-H-0

Program Period: 07/01/12 – 07/01/13

Award Amount: \$16,544,000

331800165

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 6,027,390	\$ –	\$ –	\$ 3,760,139	\$ –	\$ 3,760,139	\$ (2,267,251)
Fringe Benefits	976,437	–	–	609,142	–	609,142	(367,295)
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	–	–	–	–	–	–	–
Program Expense and Related Cost	–	–	–	–	–	–	–
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	–	–	–	–	–	–	–
Equipment and Other Capital Expenditures	9,340,173	–	–	2,198,169	–	2,198,169	(7,142,004)
Facility Cost	–	–	–	–	–	–	–
Indirect Costs	200,000	–	–	134,719	–	134,719	(65,281)
	<u>\$ 16,544,000</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 6,702,169</u>	<u>\$ –</u>	<u>\$ 6,702,169</u>	<u>\$ (9,841,831)</u>

The Cooper Health System

Schedule of Costs

Rowan Medical School

MGMT12RMS001

Program Period: 07/01/11 – 06/30/12

Award Amount: \$10,607,000

311800086

	Amount of Approved Budget (unaudited)	2011 Expenditures		2012 Expenditures		Cumulative Disbursements	Budget Variance (unaudited)
		State	Federal	State	Federal		
A. Personnel Cost							
Salaries/Wages	\$ 1,672,535	\$ 903,700	\$ –	\$ 870,718	\$ –	\$ 1,774,418	\$ 101,883
Fringe Benefits	347,887	187,969	–	181,109	–	369,078	21,191
B. Consultant/Professional Services Cost	–	–	–	–	–	–	–
C. Other Cost Categories							
Office Expense and Related Cost	47,506	25,387	–	15,924	–	41,311	(6,195)
Program Expense and Related Cost	148,016	73,705	–	81,739	–	155,444	7,428
Staff Training and Education Cost	–	–	–	–	–	–	–
Travel, Conferences and Meetings	19,304	14,085	–	10,109	–	24,194	4,890
Equipment and Other Capital Expenditures	–	–	–	–	–	–	–
Facility Cost	–	–	–	–	–	–	–
Other	6,000,000	3,000,000	–	3,000,000	–	6,000,000	–
Indirects	2,371,752	1,100,152	–	1,142,403	–	2,242,555	(129,197)
	<u>\$ 10,607,000</u>	<u>\$ 5,304,998</u>	<u>\$ –</u>	<u>\$ 5,302,002</u>	<u>\$ –</u>	<u>\$ 10,607,000</u>	<u>\$ –</u>

Philadelphia Department of
Public Health AACO

The Cooper Health System

Statement of Expenditures and Revenues

Provider Name: EIP – Cooper Health Systems
Funding Source: Part A Formula Ryan White HIV/AIDS Treatment Modernization Act
Award Number: R1578
Award Amount: \$490,050
Contract Number: 11-20528
Activity Description: Ambulatory/Outpatient Medical Care
Effective Dates (Contract Term): 03/01/2011 to 02/29/2012

	<u>2012 Expenditures</u>
Personnel services	\$ 60,768
Fringe benefits	<u>12,640</u>
Total personnel expenditures	\$ 73,408
Operating expenditures	
Travel	18
Supplies	<u>1,372</u>
Subtotal Operating Expenditures	<u>1,390</u>
Total Direct Expenditures	74,798
Indirect Expenditures	<u>—</u>
Total Budgeted Expenditures	74,798
Program Revenues	—
Net AACO Funding Expenditures	<u>\$ 74,798</u>

The Cooper Health System

Statement of Expenditures and Revenues

Provider Name: EIP – Cooper Health Systems
Funding Source: Part A Formula Ryan White HIV/AIDS Treatment Modernization Act
Award Number: R1580
Award Amount: \$250,670
Contract Number: 11-20528
Activity Description: Care Services Case Management
Effective Dates (Contract Term): 03/01/2011 to 02/29/2012

	<u>2012 Expenditures</u>
Personnel services	\$ 31,884
Fringe benefits	<u>6,632</u>
Total personnel expenditures	\$ 38,516
Operating expenditures	
Travel	95
Supplies	5,070
Other	<u>16,470</u>
Subtotal Operating Expenditures	<u>21,635</u>
Total Direct Expenditures	60,151
Indirect Expenditures	<u>–</u>
Total Budgeted Expenditures	60,151
Program Revenues	–
Net AACO Funding Expenditures	<u>\$ 60,151</u>

The Cooper Health System

Statement of Expenditures and Revenues

Provider Name: EIP – Cooper Health Systems
Funding Source: Part A Supplemental Ryan White HIV/AIDS Treatment Modernization Act
Award Number: RS1579
Award Amount: \$42,109
Contract Number: 11-20528
Activity Description: Mental Health Services
Effective Dates (Contract Term): 03/01/2011 to 02/29/2012

	<u>2012 Expenditures</u>
Personnel services	\$ 6,150
Fringe benefits	<u>1,279</u>
Total personnel expenditures	\$ 7,429
Operating expenditures:	
Travel	–
Supplies	<u>–</u>
Subtotal Operating Expenditures	<u>–</u>
Total Direct Expenditures	7,429
Indirect Expenditures	<u>–</u>
Total Budgeted Expenditures	7,429
Program Revenues	<u>–</u>
Net AACO Funding Expenditures	<u>\$ 7,429</u>

The Cooper Health System

Statement of Expenditures and Revenues

Provider Name: EIP – Cooper Health Systems
Funding Source: Part A Formula Ryan White HIV/AIDS Treatment Modernization Act
Award Number: R2578
Award Amount: \$469,363
Contract Number: 11-20528-02
Activity Description: Ambulatory/Outpatient Medical Care
Effective Dates (Contract Term): 03/01/2012 to 02/28/2013

	<u>2012 Expenditures</u>
Personnel services	\$ 302,020
Fringe benefits	<u>48,927</u>
Total personnel expenditures	\$ 350,947
Operating expenditures:	
Travel	253
Supplies	26,159
Subcontract	<u>690</u>
Subtotal Operating Expenditures	<u>27,102</u>
Total Direct Expenditures	378,049
Indirect Expenditures	<u>—</u>
Total Budgeted Expenditures	378,049
Program Revenues	—
Net AACO Funding Expenditures	<u>\$ 378,049</u>

The Cooper Health System

Statement of Expenditures and Revenues

Provider Name: EIP – Cooper Health Systems
Funding Source: Part A Supplemental Ryan White HIV/AIDS Treatment Modernization Act
Award Number: RS2579
Award Amount: \$49,759
Contract Number: 11-20528-02
Activity Description: Mental Health Services
Effective Dates (Contract Term): 03/01/2012 to 02/28/2013

	<u>2012 Expenditures</u>	
Personnel services	\$	38,267
Fringe benefits		<u>6,199</u>
Total personnel expenditures		\$ 44,466
Operating expenditures:		
Travel		–
Supplies		<u>–</u>
Subtotal Operating Expenditures		<u>–</u>
Total Direct Expenditures		44,466
Indirect Expenditures		<u>–</u>
Total Budgeted Expenditures		44,466
Program Revenues		<u>–</u>
Net AACO Funding Expenditures	\$	<u>44,466</u>

The Cooper Health System

Statement of Expenditures and Revenues

Provider Name: EIP – Cooper Health Systems
Funding Source: Part A Formula Ryan White HIV/AIDS Treatment Modernization Act
Award Number: R2580
Award Amount: \$229,863
Contract Number: 11-20528-02
Activity Description: Care Services Case Management
Effective Dates (Contract Term): 03/01/2012 to 02/28/2013

	<u>2012 Expenditures</u>
Personnel services	\$ 148,221
Fringe benefits	<u>24,012</u>
Total personnel expenditures	\$ 172,233
Operating expenditures:	
Travel	–
Supplies	2,795
Subcontract	<u>810</u>
Subtotal Operating Expenditures	<u>3,605</u>
Total Direct Expenditures	175,838
Indirect Expenditures	<u>–</u>
Total Budgeted Expenditures	175,838
Program Revenues	–
Net AACO Funding Expenditures	<u>\$ 175,838</u>

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