

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN	1b Three-digit plan number (PN) ▶	002	
	1c Effective date of plan	07/01/1993	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) LAUREL HEALTH SYSTEM 32-36 CENTRAL AVE. WELLSBORO, PA 16901-1840	2b Employer Identification Number (EIN) 24-0795488	2c Sponsor's telephone number 570-724-1631	2d Business code (see instructions) 622000

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2010	EUGENE YAJKO
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

LAUREL HEALTH SYSTEM

32-36 CENTRAL AVE.
WELLSBORO, PA 16901-1840**3b** Administrator's EIN

24-0795488

3c Administrator's telephone number

570-724-1631

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:**a** Sponsor's name**4b** EIN**4c** PN**5** Total number of participants at the beginning of the plan year**5**

1526

6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a**, **6b**, **6c**, and **6d**).**a** Active participants.....**6a**

1321

b Retired or separated participants receiving benefits.....**6b**

29

c Other retired or separated participants entitled to future benefits.....**6c**

228

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

1578

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

3

f Total. Add lines **6d** and **6e**.....**6f**

1581

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g**

1298

h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

35

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)**7****8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2A 2E 2G 2M

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**9a** Plan funding arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

9b Plan benefit arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)**a Pension Schedules**(1) ☒**R** (Retirement Plan Information)(2) ☐**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary(3) ☐**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary**b General Schedules**(1) ☒**H** (Financial Information)(2) ☐**I** (Financial Information - Small Plan)(3) ☐**A** (Insurance Information)(4) ☒**C** (Service Provider Information)(5) ☐**D** (DFE/Participating Plan Information)(6) ☐**G** (Financial Transaction Schedules)

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<div>A Name of plan</div> <div>LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN</div>	<div>B Three-digit plan number (PN)</div> <div>▶</div> <div>002</div>
<div>C Plan sponsor's name as shown on line 2a of Form 5500</div> <div>LAUREL HEALTH SYSTEM</div>	<div>D Employer Identification Number (EIN)</div> <div>24-0795488</div>

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

CITIZENS & NORTHERN BANK

24-0756925

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 16 21 25 38 62 64	NONE	13315	Yes ☒ No ☐	Yes ☒ No ☐	28666	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 LAUREL HEALTH SYSTEM	D Employer Identification Number (EIN) 24-0795488	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		49333
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	245667	327120
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	20759	15944
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1532111	1464411
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	15372238	21146540
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	17170775	23003348

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	7275	6297
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	7275	6297

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	17163500	22997051
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1021061	
(B) Participants	2a(1)(B)	1668863	
(C) Others (including rollovers)	2a(1)(C)	5554	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2695478

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	9002	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		9002

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	460217	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		460217

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		3882965
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		7047662

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1200796	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1200796
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	13315	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		13315
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1214111

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		5833551
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PARENTEBEARD LLC

(2) EIN: 23-2932984

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>LAUREL HEALTH SYSTEM TAX DEFERRED ANNUITY 403(B) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>LAUREL HEALTH SYSTEM</u>	D Employer Identification Number (EIN) <u>24-0795488</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>24-0756925</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**Laurel Health System
Tax Deferred Annuity 403(b) Plan**

Financial Statements
For the Years Ended
December 31, 2009 and 2008
&
Independent Auditors' Report
&
Supplemental Schedule

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INDEPENDENT AUDITORS' REPORT

Laurel Health System Tax Deferred Annuity 403(b) Plan:

We were engaged to audit the accompanying statement of net assets available for benefits of the Laurel Health System Tax Deferred Annuity 403(b) Plan (the "Plan") as of December 31, 2009 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management.

The Plan has not maintained sufficient accounting records and supporting documents relating to certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009. Accordingly, we were unable to apply auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

As described in Note 8, the Plan has excluded from investments in the accompanying statement of net assets available for benefits as of December 31, 2009 certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009, as permitted by the Department of Labor's Field Assistant Bulletin No. 2009-02, *Annual Reporting Requirements for 403(b) Plans*. The investment income and distributions related to such accounts have also been excluded in the accompanying statement of changes in net assets available for benefits. The amount of these excluded annuity and custodial accounts and related income and distributions are not determinable. Accounting principles generally accepted in the United States of America require that these custodial accounts and the related income and distributions be included in the accompanying 2009 financial statements.

Since we were not able to apply auditing procedures to satisfy ourselves as to the appropriateness and completeness of the Plan's net assets available for benefits and changes in net assets available for benefits as of December 31, 2009, and for the year then ended, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these accompanying financial statements.

We were engaged to audit the basic financial statements. The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matters described in the second and third paragraphs of this report, we express no opinion on the supplemental schedule.

We have compiled the accompanying statement of net assets available for benefits of the Plan as of December 31, 2008 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying 2008 statement of net assets available for benefits and, accordingly, do not express an opinion or any other form of assurance on it. As described in Note 8, the Plan has excluded from investments in the accompanying statement of net assets available for benefits as of December 31, 2008 certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009. The investment income and distributions related to such accounts have also been excluded in the accompanying statement of changes in net assets available for benefits. Accounting principles generally accepted in the United States of America require that these accounts be included in the accompanying financial statements.

ParenteBeard LLC

Williamsport, Pennsylvania
October 13, 2010

**LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2009 AND 2008**

	2009	2008 (COMPILED)
<hr/>		
ASSETS:		
Investments, at fair value	\$ 22,610,951	\$ 16,904,349
Receivables:		
Employer contribution	327,120	245,667
Accrued interest and dividends	<u>15,944</u>	<u>20,759</u>
Total receivables	343,064	266,426
Cash	<u>49,333</u>	<u>-</u>
Total assets	23,003,348	17,170,775
LIABILITIES,		
Administrative expenses payable	<u>6,297</u>	<u>7,275</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 22,997,051</u>	<u>\$ 17,163,500</u>

See Notes to Financial Statements

**LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2009**

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Investment income:

Net appreciation in fair value of investments	\$ 3,882,965
Interest and dividends	<u>469,219</u>

Net investment income	<u>4,352,184</u>
-----------------------	------------------

Contributions:

Participant	1,668,863
Employer	1,021,061
Rollovers	<u>5,554</u>

Total contributions	<u>2,695,478</u>
---------------------	------------------

Total additions	<u>7,047,662</u>
-----------------	------------------

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid to participants	1,200,796
Administrative expenses	<u>13,315</u>

Total deductions	<u>1,214,111</u>
------------------	------------------

Net increase	5,833,551
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NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of year	<u>17,163,500</u>
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End of year	<u>\$ 22,997,051</u>
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See Notes to Financial Statements

**LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN**

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Laurel Health System Tax Deferred Annuity 403(b) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering substantially all employees of Laurel Health System and those affiliated corporations which adopt the Plan (collectively, the "Plan Sponsor"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan evaluated subsequent events for recognition or disclosure through October 13, 2010, the date the financial statements were available to be issued.

CONTRIBUTIONS

Eligible employees can contribute to the Plan an amount up to the maximum amount permissible in accordance with Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions up to \$5,500 for the plan year ended December 31, 2009. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution retirement plans. The Plan Sponsor contributes to the plan a basic contribution based on the participant's age and a percentage of compensation ranging from .65% to 4.00%, as defined by the Plan. The Plan Sponsor, at its discretion, may also make matching contributions to the Plan. For 2009, matching contributions were equal to 50% of up to 3% of a participant's compensation. Matching contributions for 2009 amounted to \$94,381. Participants direct the investment of all contributions into various investment options offered by the Plan. Contributions are subject to certain limitations.

Contributions to the Plan from participants are recorded in the period that payroll deductions are made from the Plan participants.

The Plan was amended effective March 31, 2009 to suspend employer matching contributions.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's and Plan Sponsor's contributions and allocations of Plan earnings and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

VESTING

Participants are 100% vested at all times in their contributions plus earnings thereon. Vesting in the Plan Sponsor's contributions plus earnings thereon is based on credited service. A participant is 100% vested after three years of credited service. A participant becomes fully vested upon death or disability.

PAYMENT OF BENEFITS

On termination for any reason, a participant is eligible to receive the vested balance of their account in the form of a lump-sum payment or rollover to another qualified plan. Hardship distributions are available in certain circumstances, as defined by the Plan.

FORFEITED ACCOUNTS

Forfeited nonvested accounts are used to pay plan administrative expenses and then to reduce future employer contributions. Forfeited nonvested accounts totaled \$5,786 and \$3,580 at December 31, 2009 and 2008, respectively. Forfeitures of approximately \$14,700 were used to pay plan administrative expenses during 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Plan are prepared on the accrual basis of accounting.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

BENEFIT PAYMENTS

Benefit payments are recorded when paid.

INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

ADMINISTRATIVE EXPENSES

Certain administrative expenses of the Plan are paid by the Plan Sponsor.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board ("FASB") established the FASB Accounting Standards Codification ("Codification") as the sole source of authoritative accounting principles generally accepted in the United States of America. As a result, all references to accounting literature will conform to the appropriate reference with the Codification. The adoption of the Codification, which became effective during September 2009, did not have any impact on the Plan's financial statements.

LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN
NOTES TO FINANCIAL STATEMENTS

In June 2009, FASB issued a new accounting standard related to Subsequent Events. Effective December 31, 2009, the Plan adopted the standard which provides guidance on accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of this standard did not have any effect on the Plan's financial statements.

FASB issued an interpretation regarding Accounting for Uncertainty in Income Taxes. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and is effective for fiscal years beginning after December 15, 2008. The Plan has adopted the provisions of the pronouncement and the adoption did not impact the amounts reported in the Plan's financial statements.

3. INVESTMENTS

The following presents investments that represent five percent or more of the Plan's net assets at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u> <u>(Compiled)</u>
PIMCO Total Return Bond Fund	5,065,158	3,859,153
Dreyfus Small Cap Stock Index Fund	2,671,411	1,758,613
Growth Fund of America	2,327,613	2,430,576
Fidelity Diversified International Equity Fund	1,750,937	1,498,237
Vanguard Mid-Cap Index Investor Fund	1,484,276	969,801
Fidelity Money Market Fund	1,464,411	1,532,111
Columbia Large Cap Value Fund	1,417,388	
American Beacon Large Cap Value	1,360,968	

During 2009, the Plan's investments in mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$3,882,965.

4. FAIR VALUE MEASUREMENTS

FASB issued guidance for "Fair Value Measurements and Disclosures," which provides guidance for using fair value to measure assets and liabilities. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value includes a hierarchy used to clarify the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Plan for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The fair value of the Plan's assets were measured using the following inputs at December 31, 2009 and 2008:

December 31, 2009				
FAIR VALUE MEASUREMENT USING				ASSETS AT
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>FAIR VALUE</u>
Mutual funds:				
Growth funds	\$9,717,373	\$ -	\$ -	\$9,717,373
Fixed funds	5,065,158	-	-	5,065,158
Index funds	5,486,261	-	-	5,486,261
Balanced funds	541,314	-	-	541,314
Other	336,434	-	-	336,434
Money market fund	<u>1,464,411</u>	<u>-</u>	<u>-</u>	<u>1,464,411</u>
Total	<u>\$22,610,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$22,610,951</u>

LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2008 (Compiled)				
<u>FAIR VALUE MEASUREMENT USING</u>				
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>ASSETS AT FAIR VALUE</u>
Mutual funds	\$15,372,238	\$ -	\$ -	\$15,372,238
Money market fund	<u>1,532,111</u>	<u>-</u>	<u>-</u>	<u>1,532,111</u>
Total	<u>\$16,904,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,904,349</u>

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2009 and 2008.

Mutual funds and the money market fund are valued at net asset value of shares held by the Plan at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the financial instruments could result in a different fair value measurement at the reporting date.

5. RELATED-PARTY TRANSACTIONS

The Plan's assets are administered under contracts with Citizens & Northern Bank (the "Trustee"). Contributions are held and managed by the Trustee who invests cash received and investment income and makes distributions. Certain administrative expenses for the Trustee are paid by the Plan. These transactions qualify as party-in-interest transactions.

Certain administrative functions of the Plan are performed by employees of the Plan Sponsor. No such employee receives compensation from the Plan.

6. PLAN TERMINATION

Although they have not expressed any intention to do so, the Plan Sponsor has the right to discontinue its contributions at any time and terminate the Plan, subject to the provisions set forth in the Plan document and in ERISA. In the event the Plan terminates, participants are 100% vested in all contributions.

7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits included in the accompanying financial statements to the Form 5500 at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u> (Compiled)
Net assets available for benefits reported on the financial statements	\$22,997,051	\$17,163,500
Less contributions receivable	(327,120)	(245,667)
Plus accrued expenses	<u>6,297</u>	<u>7,275</u>
Net assets available for benefits reported on Form 5500	<u>\$22,676,228</u>	<u>\$16,925,108</u>

The following is a reconciliation of contributions reported in the statement of changes in net assets available for benefits to the form 5500 for year ended December 31, 2009:

Total contributions reported on the statement of changes in net assets available for benefits	\$2,695,478
Plus 2008 contributions receivable	245,667
Less 2009 contributions receivable	<u>(327,120)</u>
Total contributions reported on Form 5500	<u>\$2,614,025</u>

LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN
NOTES TO FINANCIAL STATEMENTS

The following is a reconciliation of expenses reported in the statement of changes in net assets available for benefits to the form 5500 for year ended December 31, 2009:

Total expenses reported on the statement of changes in net assets available for benefits	\$13,315
Plus 2008 accrued expenses	7,275
Less 2009 accrued expenses	<u>(6,297)</u>
Total expenses reported on Form 5500	<u>\$14,293</u>

8. CUSTODIAL ACCOUNTS EXCLUDED FROM FINANCIAL STATEMENTS

As permitted by the Department of Labor's Field Assistant Bulletin No. 2009-02, *Annual Reporting Requirements for 403(b) Plans*, ("FAB 2009-02") the plan administrator has elected to exclude certain custodial accounts from the Plan's financial statements. These custodial accounts were limited to employee contributions held under a voluntary 403(b) plan arrangement prior to January 1, 2009. The amount of the excluded custodial accounts at December 31, 2009 and 2008 could not be determined.

The plan administrator has concluded that the custodial accounts have met the criteria required under FAB 2009-02 and as such, have been excluded from the Plan's financial statements.

9. TAX STATUS

The Plan has not obtained a determination letter from the Internal Revenue Service stating that the Plan is designed and currently being operated in accordance with the Internal Revenue Code (IRC). The Plan administrator believes that Plan is designed and currently being operated in compliance with the applicable requirements of the IRC.

LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN

EIN: 24-0795488 PLAN NO. 002
SCHEDULE H - LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE	(d) COST	(e) CURRENT VALUE
	MUTUAL FUNDS		
	PIMCO Total Return Bond Fund	N/R	\$ 5,065,158
	Dreyfus Small Cap Stock Index Fund	N/R	2,671,411
	Growth Fund of America	N/R	2,327,613
	Fidelity Diversified International Equity Fund	N/R	1,750,937
	Vanguard Mid-Cap Index Investor Fund	N/R	1,484,276
	Columbia Large Cap Value fund	N/R	1,417,388
	American Beacon Large Cap Value	N/R	1,360,968
	Fidelity Spartan 500 Index Fund	N/R	1,143,119
	Fidelity Contrafund	N/R	1,038,894
	Fidelity Low Priced Stock Fund	N/R	534,043
	Fidelity Puritan Fund	N/R	396,779
	Legg Mason Emerging Markets Fund	N/R	355,418
	Mutual Global Discovery Fund	N/R	246,910
	Dreyfus Mid-Cap Index Fund	N/R	187,455
	Value Line Emerging Opportunities Fund	N/R	163,445
	T. Rowe Price Retirement 2020	N/R	132,194
	Fidelity Mortgage Security Fund	N/R	109,578
	Federated US Government 2-5 Year Trust	N/R	107,076
	T. Rowe Price Retirement 2015	N/R	104,864
	T. Rowe Price Retirement 2030	N/R	84,922
	T. Rowe Price Retirement 2025	N/R	73,940
	PIMCO Real Return Bond Fund	N/R	71,990
	T. Rowe Price New America Growth Fund	N/R	71,734
	T. Rowe Price Retirement 2035	N/R	54,072
	Fidelity Advisor New Insights	N/R	53,232
	American High Income Trust Fund	N/R	47,790
	T. Rowe Price Retirement 2040	N/R	33,330
	T. Rowe Price Retirement 2045	N/R	25,524
	T. Rowe Price Retirement 2010	N/R	22,358
	T. Rowe Price Retirement 2050	N/R	7,510
	T. Rowe Price Retirement 2055	N/R	2,600
	Calamos Growth Fund	N/R	12
	MONEY MARKET FUND		
	Fidelity Money Market Fund	N/R	<u>1,464,411</u>
	Total investments		<u>\$ 22,610,951</u>

N/R - Participant directed investment; cost not required to be reported

See Notes to Financial Statements

LAUREL HEALTH SYSTEM
TAX DEFERRED ANNUITY 403(b) PLAN

EIN: 24-0795488 PLAN NO. 002
SCHEDULE H - LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE	(d) COST	(e) CURRENT VALUE
	MUTUAL FUNDS		
	PIMCO Total Return Bond Fund	N/R	\$ 5,065,158
	Dreyfus Small Cap Stock Index Fund	N/R	2,671,411
	Growth Fund of America	N/R	2,327,613
	Fidelity Diversified International Equity Fund	N/R	1,750,937
	Vanguard Mid-Cap Index Investor Fund	N/R	1,484,276
	Columbia Large Cap Value fund	N/R	1,417,388
	American Beacon Large Cap Value	N/R	1,360,968
	Fidelity Spartan 500 Index Fund	N/R	1,143,119
	Fidelity Contrafund	N/R	1,038,894
	Fidelity Low Priced Stock Fund	N/R	534,043
	Fidelity Puritan Fund	N/R	396,779
	Legg Mason Emerging Markets Fund	N/R	355,418
	Mutual Global Discovery Fund	N/R	246,910
	Dreyfus Mid-Cap Index Fund	N/R	187,455
	Value Line Emerging Opportunities Fund	N/R	163,445
	T. Rowe Price Retirement 2020	N/R	132,194
	Fidelity Mortgage Security Fund	N/R	109,578
	Federated US Government 2-5 Year Trust	N/R	107,076
	T. Rowe Price Retirement 2015	N/R	104,864
	T. Rowe Price Retirement 2030	N/R	84,922
	T. Rowe Price Retirement 2025	N/R	73,940
	PIMCO Real Return Bond Fund	N/R	71,990
	T. Rowe Price New America Growth Fund	N/R	71,734
	T. Rowe Price Retirement 2035	N/R	54,072
	Fidelity Advisor New Insights	N/R	53,232
	American High Income Trust Fund	N/R	47,790
	T. Rowe Price Retirement 2040	N/R	33,330
	T. Rowe Price Retirement 2045	N/R	25,524
	T. Rowe Price Retirement 2010	N/R	22,358
	T. Rowe Price Retirement 2050	N/R	7,510
	T. Rowe Price Retirement 2055	N/R	2,600
	Calamos Growth Fund	N/R	12
	MONEY MARKET FUND		
	Fidelity Money Market Fund	N/R	1,464,411
	Total investments		<u>\$ 22,610,951</u>

N/R - Participant directed investment; cost not required to be reported

See Notes to Financial Statements