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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 100 ABINGTON EXECUTIVE PARK

Room/suite

City or town, state or country, and ZIP + 4
CLARKS SUMMIT, PA 18411

D Employer identification number
23-2523395

E Telephone number
(570) 348-1300

G Gross receipts $ 48,253,052

F Name and address of principal officer
WILLIAM CONABOY
100 ABINGTON EXECUTIVE PARK
CLARKS SUMMIT, PA 18411

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW ALLIED-SERVICES ORG

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

L Year of formation 1966

M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO OPERATE A REHABILITATION HOSPITAL PROVIDING ALL TYPES OF REHABILITATIVE SERVICES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	522
6	Total number of volunteers (estimate if necessary)	**6**	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	74,757	213,238
9	Program service revenue (Part VIII, line 2g)	36,691,312	36,523,302
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	329,241	688,190
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	192,654	408,931
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,287,964	37,833,661
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	6,729,612	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	20,617,052	19,225,680
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	14,736,086	14,777,733
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	42,082,750	34,003,413
19	Revenue less expenses Subtract line 18 from line 12	-4,794,786	3,830,248

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	31,952,643	34,827,444
21	Total liabilities (Part X, line 26)	19,328,988	17,250,808
22	Net assets or fund balances Subtract line 21 from line 20	12,623,655	17,576,636

Part II Signature Block

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

Sign Here

****** Signature of officer — 2012-03-01 Date

WILLIAM CONABOY PRESIDENT/CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name JULIUS GREEN CPA	Preparer's signature JULIUS GREEN CPA	Date	Check if self-employed ☐	PTIN
Firm's name ▶ PARENTEBEARD LLC				Firm's EIN ▶
Firm's address ▶ 46 PUBLIC SQUARE SUITE 400 WILKESBARRE, PA 18701				Phone no ▶ (570) 820-0100

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

WE ARE COMMITTED TO THE PEOPLE OF OUR COMMUNITY, TO HELP THEM OVERCOME CHALLENGES AND REACH THEIR GREATEST POTENTIAL BY PROVIDING QUALITY CARE, PEOPLE ORIENTED SERVICES, AND COMFORT THROUGH OPERATION OF A REHABILITATION HOSPITAL, WHICH PROVIDES ALL TYPES OF REHABILITATIVE SERVICES

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 27,781,653 including grants of $) (Revenue $ 36,523,302)

OPERATED A REHABILITATION HOSPITAL, LICENSED FOR 103-BEDS, THAT PROVIDED VARIOUS TYPES OF REHABILITATIVE SERVICES ALSO OPERATED 32 LICENSED BEDS AT LOCAL HOSPITALS DURING 2011, THE HOSPITAL HAD 21,325 PATIENT DAYS, OF WHICH 78% WERE MEDICARE THE TOTAL OCCUPANCY FOR THE REHABILITATION HOSPITAL WAS 43% SERVICES WERE PROVIDED TO PATIENTS WHO MET CERTAIN CRITERIA WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES CHARGES FORGONE FOR SERVICES RENDERED AND SUPPLIES FURNISHED UNDER THE CHARITY CARE POLICY AMOUNTED TO $OPEN$ DURING THE YEAR ENDED JUNE 30, 2011

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 27,781,653

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	46		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	522		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		14b		

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

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

DAVID ARGUST
100 ABINGTON EXECUTIVE PARK
CLARKS SUMMIT, PA 18411
(570) 348-1300

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

Check if Schedule O contains a response to any question in this Part VII . . . . . ☐

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) EDWARD LYNETT CHAIRMAN	1 00	X		X				0	0	0
(2) THOMAS G SPEICHER VICE CHAIRMAN	1 00	X		X				0	0	0
(3) MICHAEL J ARONICA MD TREASURER	1 00	X		X				0	0	0
(4) RICHARD WEINBERGER DO SECRETARY	1 00	X		X				0	0	0
(5) WILLIAM CONABOY ESQ DIRECTOR	1 00	X						0	430,298	7,676
(6) WILLIAM SCRANTON DIRECTOR	1 00	X						0	0	0
(7) RALPH LOMMA DIRECTOR	1 00	X						0	0	0
(8) PHILIP A BURNE JR DIRECTOR	1 00	X						0	0	0
(9) JACQUELINE BROZENA ASST SECRETARY	1 00			X				0	248,694	1,783
(10) MICHAEL AVVISATO ASST TREASURER	1 00			X				0	247,995	7,699
(11) RANDALL CRONIN JR STAFF PHYSICIAN	40 00					X		118,752	0	4,782
(12) ROBERT COLE VICE PRESIDENT	40 00					X		112,446	0	7,488
(13) DIANA POPE-ALBRIGHT ASST VICE PRESIDENT	40 00					X		106,526	0	6,703
(14) JOHN HARVEY DIRECTOR OF PSYCHOLOGY	40 00					X		109,264	0	1,344
(15) BONNIE HALUSKA ASST VICE PRESIDENT	40 00					X		110,718	0	3,616

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								557,706	926,987	41,091

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 5

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
US FOOD SERVICE ALLENTOWN 1200 HOOVER AVE ALLENTOWN, PA 18103	FOOD AND DIETARY SUPPLIES	402,115
SCRANTON ELECTRIC 107 MIDDLE STREET SCRANTON, PA 18508	ELECTRIC SALES	206,013
COSGROVES NORTHEND PLUMBING 1708 NAY AUG AVE SCRANTON, PA 18508	PLUMBING SALES	119,783
PRIMEMED PC 5 MORGAN HIGHWAY SCRANTON, PA 18508	HEALTHCARE SERVICES	112,888

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 4

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d	213,238				
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		213,238			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE RE	623000	35,809,542	35,809,542		
	b PA MODERNIZATION ASSES	623000	713,760	713,760		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		36,523,302			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		423,564			423,564
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	248,093				
	b Less rental expenses					
	c Rental income or (loss)	248,093				
	d Net rental income or (loss) . . . . . ▶		248,093			248,093
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	10,684,017				
	b Less cost or other basis and sales expenses	10,419,391				
	c Gain or (loss)	264,626				
	d Net gain or (loss) . . . . . ▶		264,626			264,626
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a CAFETERIA & VENDING RE	722210	143,574			143,574
	b ABSTRACTS REV	561000	17,264			17,264
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		160,838			
	12 **Total revenue.** See Instructions . . . ▶		37,833,661	36,523,302	0	1,097,121

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	15,960,462	15,669,826	290,636	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	409,612	402,153	7,459	
9 Other employee benefits	1,334,129	1,309,835	24,294	
10 Payroll taxes	1,521,477	1,493,771	27,706	
a Fees for services (non-employees) Management				
b Legal	33,701		33,701	
c Accounting				
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	3,654,894	1,219,263	2,435,631	
12 Advertising and promotion	232,502	227,581	4,921	
13 Office expenses	2,400,124	2,353,817	46,307	
14 Information technology				
15 Royalties				
16 Occupancy	1,976,205	962,872	1,013,333	
17 Travel	113,225	112,698	527	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	100,192	92,803	7,389	
20 Interest	700,361	700,361		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	949,934	921,015	28,919	
23 Insurance	373,722		373,722	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a CORPORATE ALLOCATION	1,854,721		1,854,721	
b PA MODERNIZATION ASSESS	713,760	713,760		
c FOOD & FOOD SERVICES	625,157	600,934	24,223	
d HOUSEKEEPING EXPENSE	611,241	611,241		
e EQUIPMENT RENTAL & MAIN	206,602	191,998	14,604	
f All other expenses	231,392	197,725	33,667	
25 **Total functional expenses.** Add lines 1 through 24f	34,003,413	27,781,653	6,221,760	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1,350	1	1,350
	2	Savings and temporary cash investments		4,544,582	2	4,560,995
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		2,165,583	4	1,896,972
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		219,948	8	233,232
	9	Prepaid expenses and deferred charges		228,744	9	205,320
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 42,444,787			
	b	Less accumulated depreciation	10b 34,180,123	7,788,110	10c	8,264,664
	11	Investments—publicly traded securities		13,390,998	11	17,986,859
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,613,328	15	1,678,052
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		31,952,643	16	34,827,444
Liabilities	17	Accounts payable and accrued expenses		2,528,925	17	1,751,050
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		15,498,552	20	14,179,111
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		1,301,511	25	1,320,647
	26	**Total liabilities.** Add lines 17 through 25		19,328,988	26	17,250,808
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		12,623,655	27	17,576,636
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		12,623,655	33	17,576,636
	34	Total liabilities and net assets/fund balances		31,952,643	34	34,827,444

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	37,833,661
2	Total expenses (must equal Part IX, column (A), line 25)	2	34,003,413
3	Revenue less expenses Subtract line 2 from line 1	3	3,830,248
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	12,623,655
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,122,733
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	17,576,636

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

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

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

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

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

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

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

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

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

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		125,354		125,354
b Buildings		26,887,827	20,500,740	6,387,087
c Leasehold improvements		910,776	632,541	278,235
d Equipment		14,520,830	13,046,842	1,473,988
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				8,264,664

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

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

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
INTERCOMPANY PAYABLES, NET	694,597
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	626,050
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,320,647

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	ALLIED ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES USING A RECOGNITION THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET MANAGEMENT DETERMINED THAT THERE WERE NO TAX UNCERTAINTIES THAT MET THE RECOGNITION THRESHOLD IN 2010 AND 2009

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)	1	200	114,054		114,054	0 340 %
b Unreimbursed Medicaid (from Worksheet 3, column a)	2	750	1,915,513	789,055	1,126,458	3 310 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs	3	950	2,029,567	789,055	1,240,512	3 650 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	1	45	500,827	266,270	234,557	0 690 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)	2	100	80,610		80,610	0 240 %
j **Total** Other Benefits	3	145	581,437	266,270	315,167	0 930 %
k **Total.** Add lines 7d and 7j	6	1,095	2,611,004	1,055,325	1,555,679	4 580 %

Part II **Community Building Activities** during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	201,224		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	114,054		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	26,616,896
6	Enter Medicare allowable costs of care relating to payments on line 5	6	22,063,094
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	4,553,802
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV **Management Companies and Joint Ventures**

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? **1**

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	INSTITUTE OF REHABILITATION MEDICINE 100 ABINGTON EXECUTIVE PARK DRIVE CLARKS SUMMIT,PA 18411									REHABILITATION CENTER

Part V **Facility Information** *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Type of Facility (Describe)
1		
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE MAJORITY OF THE NET COMMUNITY BENEFIT EXPENSES, UNREIMBURSED MEDICAID, WERE CALCULATED USING OUR INTERNAL COST ACCOUNTING SYSTEM, WHICH ADDRESSES ALL PATIENT SEGMENTS CHARITY CARE WAS CALCULATED USING A COST-TO-CHARGE RATIO ALL OTHER AMOUNTS ARE CALCULATED AS DIRECT EXPENSE AND REVENUE AS RECORDED ON THE GENERAL LEDGER

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) COMMUNITY BENEFIT PERCENTAGE IS NET COMMUNITY BENEFIT EXPENSE DIVIDED BY TOTAL EXPENSE

Identifier	ReturnReference	Explanation
		PART II ALLIED REHAB HOSPITAL AND THE JOHN HEINZ REHAB HOSPITAL HAVE A LONG-STANDING TRADITION OF CONTRIBUTING TO HEALTHIER COMMUNITIES BY INITIATING PROGRAMS SUCH AS A PROFESSIONAL SPEAKERS' BUREAU, HEALTH EDUCATION THROUGH SEMINARS AND PUBLIC INFORMATION SESSIONS, AND OFFERING OUR CLINICAL EXPERTISE IN REHABILITATION MEDICINE FOR THE GREATER BENEFIT OF THE COMMUNITY SOME EXAMPLES OF ALLIED REHAB AND JOHN HEINZ REHAB HOSPITAL FOR COMMUNITY BUILDING ACTIVITIES - USE OF FACILITY SPACE AND/OR PRINT SERVICES BY ORGANIZATIONS SUCH AS AMERICAN HEART ASSOCIATION, AMERICAN CANCER SOCIETY, PARENTS LOVING CHILDREN THROUGH AUTISM, AUTISM COALITION, ALS SUPPORT GROUP, FAMILY SERVICE ASSOCIATION, BLIND ASSOCIATION, EPILEPSY SUPPORT GROUP, DIABETES EDUCATION CLASSES, PULMONARY SUPPORT GROUP, SUSAN G KOMEN BREAST CANCER FOUNDATION ETC (SEE COMPLETE LIST IN PART II)- COMMUNITY PRESENTATIONS TO SERVICE ORGANIZATIONS, SCHOOL STUDENTS, SENIOR CITIZENS RANGED FROM OSTEOPOROSIS AWARENESS, STROKE PREVENTION, LEARNING DISABILITIES, LYMPHEDEMA, BRAIN INJURY AND SPINAL CORD PREVENTION RECENTLY, ONE "COMMUNITY-BUILDING" EXAMPLE WAS DEVELOPMENT AND PROMOTION OF A SAFETY EVACUATION PLAN FOR HOMEBOUND, DISABLED RESIDENTS IN OUR REGION THE EVAC STICKER WAS DEVELOPED BY OUR CLINICAL TEAM AT ALLIED REHAB HOSPITAL, AND SHARED THROUGH REGIONAL MEDIA OUTLETS AS WELL AS THROUGH FIRE COMPANIES AND SAFETY ORGANIZATIONS ACROSS THE REGION THE SOLE PURPOSE WAS TO IDENTIFY RESIDENCIES WITH DISABLED INDIVIDUALS TO PROVIDE QUICKER RESPONSE IN AN EFFORT FOR EVACUATION DURING A FIRE OR EMERGENCY PEDIATRIC SERVICES PROVIDED THROUGH EACH REHAB HOSPITAL INCLUDES A SIGNIFICANT PERCENTAGE OF CHARITY CARE FOR THE UNDERINSURED THE REHAB HOSPITALS ALSO HAVE CREATED AND SUPPORTED DEVELOPMENTAL PROGRAMS THROUGHOUT THE YEAR FOR CHILDREN WITH A VARIETY OF DISABILITIES, ESPECIALLY AUTISTIC CHILDREN AND CHILDREN WITH DYSLEXIA THE DEPAUL SCHOOL FOR CHILDREN WITH LEARNING DISABILITIES IS A EXAMPLE OF A NECESSARY EDUCATION-BASED PROGRAM, WHICH ALLIED REHAB HOSPITAL HAS UNDERWRITTEN THE EXTRAORDINARY ANNUAL COST SINCE 1991 THIS PRIMARY SCHOOL HELPS NEARLY 50 LOCAL CHILDREN WITH DYSLEXIA WHO COULD NOT EXCEL IN OTHER PUBLIC OR OTHER PRIVATE SCHOOL ENVIRONMENTS THE ANNUAL SHORTFALL OF THIS COMMUNITY SERVICE IS ESTIMATED AROUND $200,000

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ACCOUNTS RECEIVABLE ARE REPORTED AT NET REALIZABLE VALUE ACCOUNTS ARE WRITTEN OFF WHEN THEY ARE DETERMINED TO BE UNCOLLECTABLE BASED ON MANAGEMENT'S ASSESSMENT OF INDIVIDUAL ACCOUNTS THE ALLOWANCE FOR DOUBTFUL COLLECTIONS IS ESTIMATED BASED UPON A PERIODIC REVIEW OF THE A/R AGING, PAYOR CLASSIFICATIONS AND APPLICATION OF HISTORICAL WRITE-OFF PERCENTAGES

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS WHO ARE KNOWN TO QUALITY FOR FINANCIAL ASSISTANCE ARE NOT PURSUED FOR COLLECTIONS THE IDENTIFICATION OF THOSE PATIENTS THAT QUALIFY FOR FINANCIAL ASSISTANCE IS PERFORMED DURING THE ADMISSION PROCESS OF THE PATIENT TO THE HOSPITAL IN SOME INSTANCES, FINANCIAL CIRCUMSTANCES OF A PATIENT MAY CHANGE WHICH MAY RESULT IN THEM BECOMING ELIGIBLE FOR FINANCIAL ASSISTANCE SUBSEQUENT TO ADMISSION TO OR DISCHARGE FROM THE FACILITY IN THESE INSTANCES, UPON APPROVAL OF FINANCIAL ASSISTANCE, THEY WOULD NO LONGER BE SUBJECT TO THE ORGANIZATION'S COLLECTION POLICY

Identifier	ReturnReference	Explanation
OPTIONAL SECTION - NOT COMPLETED		PART V, SECTION B, LINE 1J THE HOSPITAL HAS ENGAGED A THIRD PARTY CONSULTANT TO PERFORM THE COMMUNITY NEEDS ASSESSMENT WHICH IS EXPECTED TO BE COMPLETED DURING THE 2012 TAX YEAR

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE HOSPITALS' PERIODIC ASSESSMENT OF REGIONAL COMMUNITY NEEDS REFLECTS BOTH INTERNAL INFORMATION AND EXTERNAL DATA SOURCES FOR EXAMPLE, HOSPITAL EXECUTIVES AND MANAGERS TEAMS EVALUATE GIFT AND SPONSORSHIP REQUESTS FROM LOCAL CHARITIES WHOSE SERVICES INCLUDE HEALTH EDUCATION, PREVENTION OR TREATMENT OR HEART DISEASE, CANCER AND OTHER ILLNESSES AND DISABILITIES THAT TOUCH UPON ALLIED'S MISSION IN ADDITION, WE REGULARLY REVIEW THE LOCAL HEALTH STATISTICS AND TRENDS REPORTED BY THE PENNSYLVANIA DEPARTMENT OF HEALTH, DEPARTMENT OF PUBLIC WELFARE, DEPARTMENTS OF AGING & LONG-TERM LIVING AND PENNSYLVANIA HEALTH CARE COST CONTAINMENT COUNCIL, PENNSYLVANIA HEALTH CARE ASSOCIATION, AND U S DEPARTMENT OF HEALTH & HUMAN SERVICES' HEALTHY PEOPLE 2010 PROGRAM ALLIED ALSO PARTICIPATED AS AN INSTITUTIONAL SPONSOR OF THE HEALTHY NORTHEAST PENNSYLVANIA INITIATIVE'S 2009-2010 COMMUNITY HEALTH NEEDS ASSESSMENT (PUBLISHED MARCH 8, 2010), AND AS A COLLABORATOR IN THE LACKAWANNA-LUZERNE CONSOLIDATED TRANSPORTATION PARA-TRANSIT STUDY (2009)

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENTS DURING THE ADMISSION PROCESS ARE OFFERED EDUCATION AND ASSISTANCE WITH REGARD TO THEIR ELIGIBILITY FOR VARIOUS FEDERAL, STATE OR LOCAL GOVERNMENTAL PROGRAMS, AS WELL AS OUR CHARITY CARE PROGRAM COPIES OF OUR CHARITY CARE GUIDELINES AND UNCOMPENSATED CARE APPLICATION ARE AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 OVER 80% OF OUR ALLIED PATIENTS RESIDE IN LUZERNE OR LACKAWANNA COUNTIES IN 2009, THESE TWO COUNTIES HAD A COMBINED POPULATION OF 514,982 PERSONS RESIDING IN 213,941 HOUSEHOLDS ACCORDING TO THE LATEST CENSUS, ROUGHLY 94% OF AREA RESIDENTS SELF-IDENTIFIED AS CAUCASIAN/WHITE, 3% AS BLACK, 1% AS ASIAN, AND 2% "OTHER" RACES THE REGIONAL POPULATION IS SIGNIFICANTLY OLDER THAN THAT OF PENNSYLVANIA 18 7% WAS AGE 65 OR OLDER, COMPARED TO 15 2% FOR THE STATE AS A WHOLE MEDIAN HOUSEHOLD INCOME IN OUR REGION IS COMPARATIVELY LOW, AT $41,594 FOR LACKAWANNA COUNTY AND $44,401 FOR LUZERNE COUNTY, COMPARED TO $47,913 FOR PENNSYLVANIA AND $50,007 FOR THE NATION AS A WHOLE (2009) LOCAL EDUCATIONAL ATTAINMENT IS ALSO A SIGNIFICANT CONCERN ONLY 18% OF LOCAL RESIDENTS HAVE EARNED A BACHELOR'S DEGREE OR HIGHER, COMPARED TO 26% FOR THE STATE

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 ALLIED SERVICES WAS FOUNDED OVER 50 YEARS AGO WHEN A GROUP OF SCRANTON AREA CHARITIES BEGAN COLLABORATING TO CREATE NEW OPPORTUNITIES AND BETTER SERVICES FOR NORTHEASTERN PENNSYLVANIANS WITH DISABILITIES TODAY, WITH OVER 2900 EMPLOYEES AND 300 VOLUNTEERS, ALLIED IS THE REGION'S LEADING PROVIDER OF HEALTH CARE AND HUMAN SERVICES TO PERSONS WITH DISABILITIES AND CHRONIC ILLNESSES ALLIED IS A CONTINUUM OF POST-ACUTE AND COMMUNITY-BASED PROGRAMS UNITED BY A COMMON AIM TO IMPROVE THE HEALTH, INDEPENDENCE AND LIFE QUALITY OF OUR CONSUMERS OUR PROGRAMS INCLUDE INPATIENT AND OUTPATIENT MEDICAL REHABILITATION, SKILLED NURSING CARE, HOME HEALTH CARE AND IN-HOME SERVICES, VOCATIONAL REHABILITATION, RESIDENTIAL PROGRAMS FOR ADULTS WITH DEVELOPMENTAL OR BEHAVIORAL DISABILITIES AND SENIOR ASSISTED LIVING EACH DAY, THESE SERVICES TOUCH THE LIVES OF SOME 5,000 PERSONS MEDICAL REHABILITATION HOSPITALS IN SCRANTON AND WILKES-BARRE ARE THE CORE AND MOST WIDELY RECOGNIZED COMPONENT OF THE ALLIED SYSTEM COMPLEMENTED BY A NETWORK OF 15 OUTPATIENT CLINICS IN A FIVE-COUNTY AREA, OUR HOSPITALS PROVIDE COMPREHENSIVE REHABILITATION SERVICES FOR SPINAL CORD AND NEUROLOGICAL INJURIES/DISEASE, STROKE, TRAUMATIC BRAIN INJURY, AND OTHER LIFE-CHANGING ILLNESSES AND INJURIES BEYOND PROVIDING DIRECT CARE AND SUPPORT SERVICES TO ADULTS AND CHILDREN, ALLIED'S RESOURCES (CLINICIANS, FACILITIES, EXPERTISE, MANAGEMENT) SERVE THE LARGER REGION THROUGH - THE EDUCATION AND TRAINING OF HEALTH PROFESSIONALS---THROUGH SYMPOSIA, INTERNSHIP AND EDUCATIONAL OPPORTUNITIES OFFERED TO PHYSICIANS, PHARMACISTS, NURSES AND OTHER HEALTH CAREERS -ORGANIZED PEER SUPPORT AND HEALTH EDUCATION FOR PERSONS AFFECTED BY TRAUMATIC BRAIN INJURY, SPINAL CORD INJURY, PEDIATRIC DISABILITIES, PARKINSON'S DISEASE AND OTHER CONDITIONS -ACCREDITED, IN-SCHOOL INJURY PREVENTION PROGRAMS FOR SCHOOL CHILDREN, TEACHERS AND COACHES-AFFORDABLE WELLNESS/EXERCISE PROGRAMS AND FACILITIES FOR PERSONS WITH DISABILITIES, CHRONIC ILLNESS, LIMITED MOBILITY-EXTRA-MURAL SOCIAL AND RECREATIONAL PROGRAMS FOR KIDS WITH AUTISM SPECTRUM DISORDER AND FOR THEIR FAMILIES - LEADERSHIP, VOLUNTEER SERVICE AND IN-KIND SUPPORT FOR LOCAL HEALTH CARE CHARITIES---E G , AMERICAN CANCER SOCIETY, NORTHEAST REGIONAL CANCER INSTITUTE, AMERICAN HEART ASSOCIATION, ALZHEIMER'S ASSOCIATION, LEUKEMIA & LYMPHOMA SOCIETY, ETC -THE DEPAUL SCHOOL, AN ACCREDITED, YEAR-ROUND EDUCATIONAL PROGRAM FOR UP TO 50 CHILDREN WITH DYSLEXIA AND OTHER LEARNING DISABILITIES-OPENING OUR FACILITIES---E G , MEETING AND DINING FACILITIES, GROUNDS, AND PEDIATRIC GYMS--TO AREA NONPROFIT AND VOLUNTEER GROUPS THAT SERVE OUR COMMUNITY THE NEIGHBORS, BUSINESSES AND GRANT-MAKERS THAT SUPPORT ALLIED ARE CRUCIAL TO ITS SUCCESS THEIR GENEROSITY ALLOWS THE US TO PROVIDE CARE TO THE UNINSURED AND UNDER-INSURED, TO CORRECT DEFICIENCIES AND FILL GAPS IN THE REGION'S HEALTH AND HUMAN SERVICE SYSTEMS, TO ENSURE CONTINUITY OF CARE WHEN PROGRAM FUNDING (E G , FROM PUBLIC GRANTS OR THIRD-PARTY PAYERS) IS INTERRUPTED, TO OFFER PATIENTS THE LATEST, MOST EFFECTIVE MEDICAL AND REHAB TECHNOLOGIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 WITHOUT EXCEPTION, OUR AFFILIATE ORGANIZATIONS/PROGRAMS EACH PLAY UNIQUE AND CRITICAL FUNCTIONS IN OUR REGION'S CONTINUUM OF CARE FOR PERSONS WITH DISABILITIES AND THE AGED THESE INCLUDE ALLIED SKILLED NURSING & REHABILITATION CENTER, SCRANTON NOW IN ITS 30TH YEAR, THE CENTER IS HOME TO SOME 376 PERSONS WHOSE CHRONIC ILLNESS AND/OR SEVERE DISABILITIES DEMAND ROUND-THE-CLOCK, SKILLED CARE THE CENTER IS RECOGNIZED FOR ITS SERVIC ES TO MEDICALLY-COMPLEX, TECHNOLOGY-DEPENDENT PATIENTS, INCLUDING THOSE WHO NEED RESPIRATO RS, HEMODIALYSIS OR SPECIALIZED PROGRAMS FOR DEMENTIA ABOUT 70% TO 80% OF SNRC RESIDENTS ARE ECONOMICALLY DISADVANTAGED (MEDICAID-ELIGIBLE) A FAR HIGHER PERCENTAGE THAN MOST LONG -TERM CARE ORGANIZATIONS IN THE REGION AND STATE THESE ATTRIBUTES MAKE THE CENTER AN ESSE NTIAL HEALTH CARE RESOURCE FOR A GROWING POPULATION OF SENIORS IN NORTHEASTERN AND CENTRAL PENNSYLVANIA, AS WELL AS THEIR PHYSICIANS, CAREGIVERS AND FAMILIES DURING THIS ACCOUNTIN G PERIOD, ALLIED SERVICES FOUNDATION TRANSFERRED APPROXIMATELY $20,000,000 OF CASH THAT WA S FUNDED BY ALLIED'S 2 REHABILITATION HOSPITALS TO THE SKILLED NURSING CENTER THE TRANSFE R WAS MADE NECESSARY BY A LACK OF FUNDING TO ALLIED'S SKILLED NURSING CENTER BY THE MEDICA L ASSISTANCE PROGRAM OVER THE PAST SEVERAL YEARS ALLIED TERRACE THE TERRACE IS A MODERN, WELL-APPOINTED, FULL SERVICE ASSISTED LIVING FACILITY FOR SENIORS WHO ARE ABLE TO LIVE IND EPENDENTLY IF PROVIDED WITH HELP FOR MEALS, HOUSEKEEPING, LAUNDRY AND PERSONAL CARE CONSI STENT WITH NATIONAL AND REGIONAL TRENDS, THE TERRACE IS SERVING THE FAST-GROWING COMMUNITY OF SENIORS WHO ARE SUCCESSFULLY "AGING IN PLACE", THANKS TO INTENSIVE, HIGH-QUALITY SUPPO RT SERVICES---E G , MEDICATION MANAGEMENT, IN-HOME HEALTH AND PERSONAL CARE---TO ENSURE TH EIR CONTINUED HEALTH AND SAFETY IN THIS WAY, ALLIED TERRACE IS EXTENDING AND ENRICHING TH E LIVES OF ITS 60 RESIDENTS, WHILE REDUCING THEIR RISK (AND POTENTIAL COSTS) OF INJURY, DE BILITATION, ACUTE ILLNESS, HOSPITALIZATION OR INSTITUTIONALIZATION ALLIED CONTINUING CARE RETIREMENT COMMUNITY ALLIED CCRC WAS FORMED IN 2006 FOR THE PURPOSES OF PROVIDING INDEPE NDENT LIVING SERVICES IN SPACE LEASED FROM ALLIED TERRACE, SENIORS WHO ARE CAPABLE OF IND EPENDENTLY MANAGING ACTIVITIES OF DAILY LIVING---MEAL PREPARATION, LIGHT HOUSEKEEPING, SEL F-CARE, ETC ---OCCUPY THESE UNITS, WHILE ENJOYING FULL ACCESS TO THE TERRACE'S SOCIAL AND RECREATIONAL OPPORTUNITIES TWO INDIVIDUALS OCCUPIED CCRC UNITS DURING THIS PERIODVOCATION AL SERVICES FOR OVER 50 YEARS, ALLIED'S VOCATIONAL SERVICES PROGRAMS HAVE PROVIDED TRAINI NG AND GAINFUL EMPLOYMENT TO TEENS AND ADULTS WITH PHYSICAL, INTELLECTUAL AND DEVELOPMENTA L DISABILITIES EACH YEAR, OVER 500 PARTICIPANTS ARE INVOLVED IN PROJECTS THAT ENHANCE THE IR SKILLS, EMPLOYABILITY AND SELF-RELIANCE WHILE OUR VOCATIONAL PROGRAMS DRAW UPON STATE AND FEDERAL TRAINING DOLLARS, THE JOBS THEMSELVES DEPEND UPON A CONTINUAL SUPPLY OF WORK F ROM BUSINESS AND INDUSTRY PARTNERS, FOR SERVICES SUCH AS PACKAGING, LIGHT ASSEMBLY, SORTIN G, SCANNING, MAILING, CLEANING AND LANDSCAPING ONGOING COMMUNITY FUNDRAISING ENSURES THAT ALLIED MAINTAINS THE SKILLED STAFF, SPECIALIZED EQUIPMENT AND FACILITIES TO KEEP THIS DIV ERSE "ENTERPRISE" PRODUCTIVE AND GROWING THE RESULT TRAINING, JOB, EDUCATIONAL AND SOCIA L OPPORTUNITIES FOR DISABLED INDIVIDUALS WHO MIGHT OTHERWISE BE ISOLATED AND IDLE AT HOME DEVELOPMENTAL SERVICES FOR ADULTS WHO HAVE BOTH INTELLECTUAL AND PHYSICAL DISABILITIES/IL LNESSES, ALLIED'S INTERMEDIATE CARE FACILITY IS A COMFORTABLE, SAFE RESIDENTIAL ENVIRONMEN T WHERE SKILLED NURSING AND PERSONAL SUPERVISION ARE AVAILABLE "24-7" RESIDENTS RECEIVE M EALS, PERSONAL CARE (DRESSING, BATHING, GROOMING, ETC), MEDICAL AND MEDICATION MANAGEMENT , SOCIAL AND RECREATIONAL PROGRAMS IN A HOME-LIKE SETTING FOR CONSUMERS WHO ARE ABLE TO L IVE MORE INDEPENDENTLY, ALLIED OFFERS A RANGE OF COMMUNITY LIVING OPTIONS IN SMALL GROUP H OMES THROUGHOUT THE REGION IN ALL PROGRAM SETTINGS, HOWEVER, OUR DEVELOPMENTAL PROGRAMS H AVE MET A GROWING REGIONAL DEMAND FOR RESIDENTIAL CARE FOR OLDER ADULTS WHOSE INTELLECTUAL AND COMPLEX PHYSICAL DISABILITIES/MEDICAL CONDITIONS DEMAND MORE INTENSIVE, SPECIALIZED L EVELS OF CARE AT THE URGING OF LOCAL AND REGIONAL AUTHORITIES, ALLIED HAS ASSUMED THIS RO LE WITH A LONG AND SUCCESSFUL TRACK RECORD IN MEDICAL REHAB, LONG-TERM CARE, SKILLED NURS ING AND PROGRAM MANAGEMENT, ALLIED IS UNIQUELY QUALIFIED TO MEET THE DEMAND BEHAVIORAL SER VICES SIMILARLY, OUR BEHAVIORAL SERVICES HAVE EXPANDED BOTH GEOGRAPHICALLY AND PROGRAMMAT ICALLY IN RECENT YEARS, PROVIDING SPECIALIZED RESIDENTIAL AND COMMUNITY-BASED SERVICES TO THE CHRONICALLY MENTALLY ILL STAFF MEMBERS WORK WITH CONSUMERS AS THEY RE-CONNECT WITH JO BS, FAMILIES, PEER AND COMMUNITY RESOURCES AS THEY PURSUE SOBRIETY, PHYSICAL AND MENTAL HE ALTH, AND INDEPENDENT LIVING THROUGH AN INTENSIVE PROGRAM OF COUNSELING AND BEHAVIORAL SU PPORTS, THE PROGRAM ATTACKS LONGSTANDING PATTERNS

Identifier	ReturnReference	Explanation
		OF MENTAL HEALTH CRISES, HOSPITALIZATION AND/OR INSTITUTIONALIZATION (AND RELATED "COSTS" TO INDIVIDUALS AND COMMUNITIES) ALLIED PROJECT OPPORTUNITY LOCATED IN JERMYN, (LACKAWANNA COUNTY) PA , THE SIX UNITS OF HOUSING ARE MANAGED BY ALLIED'S BEHAVIORAL HEALTH DIVISION INDIVIDUALS WHO ARE RECOVERING FROM CHRONIC MENTAL HEALTH PROBLEMS FIND SAFE, PLEASANT, A FFORDABLE ACCOMMODATIONS AT PROJECT OPPORTUNITY, SUBSIDIZED BY THE HUD SECTION 8 PROGRAM DURING THE PERIOD, 15 INDIVIDUALS WERE SERVED HERE HOME HEALTH & IN-HOME SERVICES THESE PROGRAMS PROVIDE ESSENTIAL MEDICAL AND SUPPORT SERVICES TO PERSONS WITH DISABILITIES THROU GHOUT A 22-COUNTY AREA OF NORTHEASTERN/CENTRAL PENNSYLVANIA REGISTERED NURSES, PHYSICAL A ND OCCUPATIONAL THERAPISTS, PERSONAL CARE AND HOME CARE WORKERS HELP KEEP THEM HEALTHY AND SAFE AT HOME ACTIVITIES RANGE FROM MAKING MEALS OR DOING HOUSEHOLD CHORES, OR MONITORING THE PATIENT'S PHYSICAL AND MENTAL HEALTH, TO ADDRESSING MEDICAL OR POST-SURGICAL NEEDS SU CH AS WOUND DRESSING, MEDICATION MANAGEMENT, ETC THE HEALTH EDUCATION, MEDICAL SUPPORT, P RACTICAL ASSISTANCE AND CASE MANAGEMENT PROVIDED BY IN-HOME AND HOME HEALTH PROFESSIONALS ARE ESSENTIAL TO THE HEALTH, LIFE QUALITY AND INDEPENDENCE OF THEIR CONSUMERS ABSENT SUCH PROGRAMS, EXTENDED HOSPITALIZATIONS, RE-HOSPITALIZATION AND/OR INSTITUTIONALIZATION WOULD BE UNAVOIDABLE ALLIED SERVICES FOUNDATION THE FOUNDATION IS THE COMMUNITY RELATIONS AND FUNDRAISING ARM OF ALLIED SERVICES THE FOUNDATION'S FUNDRAISING APPEALS, SPONSORSHIP AND GRANT SOLICITATIONS GENERATE SUPPORT FOR ALLIED'S PEDIATRIC PROGRAMS, DEPAUL SCHOOL, VOCAT IONAL PROGRAMS AND OTHER COMMUNITY SERVICES THIS DEPARTMENT ALSO COORDINATES THE COMMUNIT Y VOLUNTEERS AND EMPLOYEE VOLUNTEERS WHO HELP TO RAISE FUNDS AND PROVIDE IN-KIND, NON-MEDI CAL SERVICES TO OUR RESIDENTS, PATIENTS AND CONSUMERS PUBLIC RELATIONS, OUTREACH, INTERNA L COMMUNICATIONS, CHARITABLE FUND COMPLIANCE AND ACCOUNTABILITY ARE ALSO AMONG THE FOUNDAT ION'S DUTIES

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	PA

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) WILLIAM CONABOY ESQ	(i)	0	0	0	0	0	0	0
	(ii)	430,298	0	0	0	7,676	437,974	0
(2) JACQUELINE BROZENA	(i)	0	0	0	0	0	0	0
	(ii)	248,694	0	0	0	1,783	250,477	0
(3) MICHAEL AVVISATO	(i)	0	0	0	0	0	0	0
	(ii)	247,995	0	0	0	7,699	255,694	0
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE MEMBERS OF ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE (THE "HOSPITAL") SHALL BE THOSE PERSONS SERVICE FROM TIME TO TIME AS MEMBERS OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF ALLIED SERVICES FOUNDATION (THE "FOUNDATION"), IN EACH CASE TO SERVICE IN SUCH CAPACITY AT THE DISCRETION OF THE FOUNDATION, AND SUBJECT TO REMOVAL BY THE FOUNDATION AT ANY TIME, WITH OR WITHOUT CAUSE

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		AS DOCUMENTED IN THE HOSPITAL'S BY LAWS, THE MEMBERS , AT THEIR ANNUAL MEETING, SHALL ELECT THE PRESIDENT OF THE BOARD FROM AMONG THE NOMINEES FOR SUCH OFFICE SUBMITTED TO THE MEMBERS BY THE PRESIDENT OF THE FOUNDATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FORM 990 WAS REVIEWED IN DETAIL BY THE CHAIRMAN OF THE BOARD AND THE CHAIRMAN OF THE AUDIT COMMITTEE PRIOR TO FILING WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ALLIED SERVICES CONFLICT OF INTEREST POLICY COVERS BOARD MEMBERS DOWN TO DEPARTMENT HEADS AS WELL AS ANY STAFF THAT ARE INVOLVED IN THE PURCHASING PROCESS ALL COVERED PERSONS MUST COMPLETE AN ANNUAL CONFLICT STATEMENT IF A TRANSACTION IS PROPOSED INVOLVING A CONFLICT, THE BOARD INVESTIGATES ALTERNATIVES FOR THE TRANSACTION AND MAKES A DETERMINATION IF A MORE ADVANTAGEOUS ARRANGEMENT CAN BE MADE MEMBERS INVOLVED IN THE CONFLICT MUST ABSTAIN FROM VOTING ON SUCH MATTERS ANY VIOLATIONS OF THE POLICY ARE HANDLED AS NECESSARY FROM REPRIMAND TO TERMINATION FROM THE BOARD OR EMPLOYMENT, DEPENDING ON THE SEVERITY OF THE OFFENSE COMPLIANCE WITH THIS POLICY IS MONITORED BY THE VICE PRSIDENT OF HUMAN RESOURCES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	ALLIED PARTICIPATES IN MULTIPLE REGIONAL SALARY SURVEYS TO DETERMINE MARKET COMPETITIVENESS, AND CONSIDERS THE EXTERNAL MARKET AS A FACTOR IN THE JOB EVALUATION PROCESS COMPENSATION FOR OFFICERS AND KEY EMPLOYEES IS REVIEWED BY A COMPENSATION COMMITTEE OF THE BOARD INCREASES ARE RECOMMENDED BY THE COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS BASED ON THE EXTERNAL SURVEYS AND INTERNAL REVIEWS FOR ALL OTHER EMPLOYEES, ALLIED SERVICES FOLLOWS AN INTERNAL JOB EVALUATION PROCESS, ADMINISTERED BY A CROSS DIVISIONAL JOB EVALUATION TEAM COMPRISED OF DIRECTORS AND ASSISTANT VICE PRESIDENTS THE JOB EVALUATION PROCESS IS BASED ON A FOURTEEN POINT FACTOR SYSTEM AND INTERNAL ALIGNMENT WITHIN JOB CLASSIFICATION LABOR GRADE RECOMMENDATIONS BASED ON BOTH INTERNAL AND EXTERNAL RESULTS ARE MADE TO THE DIVISIONAL VICE PRESIDENT AND VICE PRESIDENT OF HUMAN RESOURCES FOR FINAL APPROVAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 1,122,733

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

Note. Complete line 1 if any entity is listed in Parts II, III or IV

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

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

Additional Data Return to Form

Software ID:
Software Version:
EIN: 23-2523395
Name: ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
ALLIED SERVICES CONTINUING CARE 100 TERRACE LANE SCRANTON, PA18508 20-4472148	PROVIDE INDEPENDENT LIVING SERVICES	PA	501(C)(3)	11A	N/A		No
ALLIED HEALTH CARE SERVICES 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 24-0860110	PROVIDE HEALTH CARE SERVICES TO ELDERLY AND MENTALLY CHALLENGED	PA	501(C)(3)	3	N/A		No
ALLIED SERVICES FOUNDATION 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523682	INVESTED FUNDS FOR RELATED ENTITIES TO SUPPORT THEIR MISSIONS	PA	501(C)(3)	7	N/A		No
ALLIED PROJECT OPPORTUNITY 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523680	PROVIDE LOW INCOME HOUSING	PA	501(C)(3)	9	N/A		No
ALLIED CATAWISSA APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523683	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED GENEVIEVE HAYESMCDADE APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523677	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED JOSEPH MCDADE APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2812023	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED KEAR APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523678	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED NORTHEAST APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523679	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED SOUTHEAST APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523675	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED SUMMIT APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523684	INACTIVE	PA	501(C)(3)	9	N/A		No
ALLIED SERVICES PERSONAL CARE INC 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2862231	OPERATE A PERSONAL CARE FACILITY	PA	501(C)(3)	3	N/A		No

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
ALLIED SERVICES SKILLED NURSING CENTER 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2523688	OPERATE A SKILLED AND INTERMEDIATE NURSING FACILITY	PA	501(C)(3)	3	N/A		No
THE BURNLEY WORKSHOP OF THE POCONOS INC 4219 MANOR DRIVE STROUDSBURG, PA18360 23-1642528	OPERATE A VOCATIONAL REHABILITATION FACILITY	PA	501(C)(3)	7	N/A		No
JOHN HEINZ INSTITUTE OF REHABILITATION MEDICINE 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA18411 23-2262852	OPERATE A REHABILITATIVE HOSPITAL	PA	501(C)(3)	3	N/A		No
RISK RETENTION GROUP 1327 ASHLEY RIVER ROAD BLDG C SUITE CHARLESTON, SC29401 20-1177431	PROVIDE INSURANCE, CLAIMS DEFENSE, ADMINISTRATION & INDEMNITY TO AFFILIATES	SC	501(C)(3)	11C	N/A		No

Allied Services Foundation and Controlled Entities

Financial Statements and
Supplementary Information

June 30, 2011 and 2010

Allied Services Foundation and Controlled Entities

Table of Contents
June 30, 2011 and 2010

ParenteBeard

Independent Auditors' Report

Board of Directors
Allied Services Foundation

We have audited the accompanying consolidated balance sheet of Allied Services Foundation and controlled entities (collectively, "Allied") as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Allied's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Allied Services Foundation and controlled entities as of June 30, 2011 and 2010, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

ParenteBeard LLC

Wilkes-Barre, Pennsylvania
December 21, 2011

Allied Services Foundation and Controlled Entities

Consolidated Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 8,465,415	$ 9,977,883
Restricted cash, resident funds	259,852	265,980
Assets whose use is limited	46,373	85,948
Accounts receivable (net of estimated allowance for doubtful collections of $2,265,000 in 2011 and $2,460,000 in 2010)	14,350,407	14,744,730
Estimated third-party payor settlements	2,005,990	2,908,795
Inventories	1,103,329	962,743
Prepaid expenses and other current assets	1,706,390	1,653,929
Total current assets	27,937,756	30,600,008
Assets Whose Use is Limited	8,292,364	9,999,309
Investments	48,670,954	32,466,170
Property and Equipment, Net	38,049,402	38,167,206
Deferred Financing Costs, Net	320,021	366,790
Total assets	$ 123,270,497	$ 111,599,483

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 3,689,442	$ 3,552,894
Accounts payable and accrued expenses	3,971,629	3,460,733
Estimated third-party payor settlements	2,588,435	1,811,384
Accrued workers' compensation	1,372,000	1,375,000
Accrued payroll and related liabilities	6,600,200	8,366,319
Accrued interest	18,618	22,452
Resident funds	259,852	265,980
Total current liabilities	18,500,176	18,854,762
Long-Term Debt	22,610,982	25,943,465
Pension Liability	7,492,507	12,069,489
Malpractice and General Liability	2,517,883	2,178,715
Workers' Compensation	3,493,049	3,140,049
Total liabilities	54,614,597	62,186,480
Net Assets		
Unrestricted	65,268,461	46,670,515
Temporarily restricted	1,326,374	747,665
Permanently restricted	2,061,065	1,994,823
Total net assets	68,655,900	49,413,003
Total liabilities and net assets	$ 123,270,497	$ 111,599,483

See notes to consolidated financial statements

Allied Services Foundation and Controlled Entities

Consolidated Statement of Operations
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Revenues		
Net patient service revenues	$ 125,797,250	$ 121,178,207
Pennsylvania hospital and nursing home assessments	2,673,789	1,350,715
Other revenues	33,167,758	30,185,724
Net assets released from restrictions	110,499	125,219
Total unrestricted revenues	161,749,296	152,839,865
Expenses		
Salaries, wages, and contract labor	90,721,569	88,992,405
Supplies and expenses	36,158,463	35,820,021
Employee benefits	17,164,627	16,573,047
Depreciation and amortization	4,898,742	5,032,202
Interest expense	1,317,869	1,507,807
Pennsylvania hospital and nursing home assessments	1,705,221	384,035
Provision for doubtful collections	674,434	1,498,451
Total expenses	152,640,925	149,807,968
Operating income	9,108,371	3,031,897
Investment Income	4,630,332	2,222,335
Revenues in excess of expenses	13,738,703	5,254,232
Pension Liability Adjustment	4,667,941	(4,092,206)
Net Assets Released from Restrictions for Purchase of Property and Equipment	191,302	438,494
Increase in unrestricted net assets	$ 18,597,946	$ 1,600,520

See notes to consolidated financial statements

Allied Services Foundation and Controlled Entities

Consolidated Statement of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Revenues in excess of expenses	$ 13,738,703	$ 5,254,232
Pension liability adjustment	4,667,941	(4,092,206)
Net assets released from restrictions for purchase of property and equipment	191,302	438,494
Increase in unrestricted net assets	18,597,946	1,600,520
Temporarily Restricted Net Assets		
Contributions	876,373	1,040,834
Investment income	4,137	12,810
Net assets released from restrictions for:		
Operations	(110,499)	(125,219)
Purchase of property and equipment	(191,302)	(438,494)
Increase in temporarily restricted net assets	578,709	489,931
Increase in Permanently Restricted Net Assets		
Contributions and investment income	66,242	76,679
Increase in net assets	19,242,897	2,167,130
Net Assets, Beginning	49,413,003	47,245,873
Net Assets, Ending	$ 68,655,900	$ 49,413,003

See notes to consolidated financial statements

Allied Services Foundation and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	$ 19,242,897	$ 2,167,130
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,898,742	5,032,202
Provision for doubtful collections	674,434	1,498,451
Net realized gain on sales of investments	(590,926)	(71,134)
Restricted contributions and investment income	(337,627)	(828,749)
Net unrealized gain on investments	(2,673,599)	(1,206,642)
Pension liability adjustment	(4,667,941)	4,092,206
Changes in assets and liabilities:		
Accounts receivable	(280,111)	3,087,060
Estimated third-party payor settlements	1,679,856	(811,979)
Inventories	(140,586)	103,551
Prepaid expenses and other current assets	(52,461)	(653,851)
Accounts payable and accrued expenses	(1,259,057)	(173,226)
Malpractice and general liability	339,168	896,679
Pension liability	90,959	(194,549)
Workers' compensation	350,000	229,268
Net cash provided by operating activities	17,273,748	13,166,417
Cash Flows from Investing Activities		
Net purchases of investments	(11,193,739)	(3,399,907)
Purchase of property and equipment	(4,425,290)	(3,311,935)
Net cash used in investing activities	(15,619,029)	(6,711,842)
Cash Flows from Financing Activities		
Repayment of long-term debt	(3,604,814)	(3,509,197)
Proceeds from long-term debt	100,000	-
Proceeds from restricted contributions and investment income	337,627	828,749
Net cash used in financing activities	(3,167,187)	(2,680,448)
Net (decrease) increase in cash and cash equivalents	(1,512,468)	3,774,127
Cash and Cash Equivalents, Beginning	9,977,883	6,203,756
Cash and Cash Equivalents, Ending	$ 8,465,415	$ 9,977,883
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 1,321,703	$ 1,510,419
Supplemental Schedule of Noncash Financing and Investing Activities		
Obligations incurred under capital lease	$ 308,879	$ -

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

Allied Services Foundation (the "Foundation") is a not-for-profit corporation located in Scranton, Pennsylvania.

The accompanying consolidated financial statements include the accounts of Allied Services Foundation and controlled entities (collectively, "Allied"). Control by the Foundation is established by its ability to appoint Board members as sole corporate member. The following is a brief description of each of the controlled entities:

- Allied Services Institute of Rehabilitation Medicine ("ASIRM") – operates a rehabilitation hospital licensed for 103-beds. ASIRM also operates 32 licensed beds at local hospitals and outpatient physical therapy clinics.

- The John Heinz Institute of Rehabilitation Medicine ("Heinz") – operates a rehabilitation hospital licensed for 71-beds. Heinz also operates a 21-bed skilled nursing transitional unit and outpatient physical therapy clinics.

- Allied Services Skilled Nursing Center (the "Center") – operates a skilled nursing care facility licensed for 371-beds.

- Allied Health Care Services ("AHCS") - provides home nursing and attendant services; provides mental health services; provides general packaging, mechanical assembly, mailing, custodial, and other services through its vocational services division; provides pharmacy services to patients at Allied's various inpatient and outpatient settings; and leases office space to third parties.

- Allied Services Personal Care, Inc. ("Allied Terrace") – operates a personal care facility licensed for 84-beds.

- Risk Retention Group ("RRG") – a self-insurance company created on July 1, 2004 to provide primary medical and professional liability coverage, as well as general liability insurance and risk management services for Allied.

- Allied Services Retirement Community ("ASRC") – ASRC was formed in 2006 for purposes of providing independent living services. ASRC converted four existing personal care units operated by Allied Terrace into four independent living units and is leasing these units from Allied Terrace.

All significant intercompany balances and transactions have been eliminated in consolidation.

Allied's primary service area includes Northeastern Pennsylvania.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding assets whose use is limited, investments, and restricted cash, resident funds.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon a periodic review of the accounts receivable aging, payor classifications, and application of historical write-off percentages.

Resident Funds

Resident funds are accounted for as trust funds and are separately maintained from other funds.

Assets Whose Use is Limited

Assets whose use is limited include assets designated by the board of directors for future capital improvements, over which the board retains control and may, at its discretion, subsequently use for other purposes, assets restricted under financing agreements, and assets required in connection with Allied's self-insurance programs. Amounts available to meet current liabilities have been classified as current assets in the accompanying consolidated balance sheet.

Investments and Investment Risk

Investments include assets available for the general use and purposes of Allied, assets whose use by Allied has been limited by donors to specific purposes, and assets to be held by Allied in perpetuity.

Investments in equity securities with readily determinable fair values and all investments in debt securities and certificates of deposit are measured at fair value in the consolidated balance sheet. The fair value of substantially all securities is determined by quoted market prices. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Allied's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated balance sheet could change materially in the near term.

Inventories

Inventories of drugs, supplies, and materials are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation was $4,851,973 in 2011 and $4,985,433 in 2010.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. 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.

Deferred Financing Costs

Deferred financing costs of $562,362 consist of costs related to long-term debt financings which are amortized over the term of the applicable debt, generally using an effective interest method. Amortization was $46,769 in 2011 and 2010. Accumulated amortization was $242,341 and $195,572 at June 30, 2011 and 2010, respectively.

Estimated Medical Malpractice and General Liability Costs

The provision for estimated medical malpractice and general liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Allied has been limited by donors to support various programs of Allied. Permanently restricted net assets have been restricted by donors to be maintained by Allied in perpetuity.

Net Patient Service Revenues

Allied has agreements with third-party payors that provide for payments to Allied at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Net patient service revenues are 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 accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that the estimates used could change in the near term.

Other Revenues

Other revenues primarily include revenues related to the provision of home attendant, mental health, pharmacy, general packaging, mechanical assembly, mailing, custodial, and other services. Other revenues also include rental revenues for office space.

AHCS has agreements with the Lackawanna-Susquehanna Counties, Schuylkill County, and Bradford County Mental Health and Mental Retardation Programs to provide community residential rehabilitation and supported living services to mentally handicapped individuals and to instruct rehabilitated patients in work skills. Such revenues are reported at contracted amounts in the period services are rendered. The recorded amounts are subject to audit by various governmental agencies.

AHCS also has an agreement with the Pennsylvania Department of Public Welfare ("DPW") to provide in-home services to the elderly and physically disabled in certain Pennsylvania counties. Such revenues are reported at contracted amounts in the period services are rendered. The recorded amounts are subject to audit by DPW.

AHCS was notified by DPW that, effective January 1, 2011, agencies providing in-home services to the elderly and physically disabled through the Consumer-Directed Personal Assistance Services Program (the "Program") were required to enroll as two distinct Medicaid providers to clearly delineate between the agency's funds and the participants' funds. As a result, allowable costs under the Program will only include payroll related expenses. This change is being contested by a coalition of agencies participating in the Program, including AHCS.

DPW did not change its reimbursement methodology to agencies for the change in the Program effective January 1, 2011. As a result, AHCS estimated an amount due to DPW of $769,000 at June 30, 2011. This amount is included in estimated third-party payor settlements (liability) in the consolidated balance sheet. It is reasonably possible that this estimate could change in the near term.

AHCS leases office space and accounts for such leases as operating leases. Lease revenues are recognized as billed over the term of the leases.

AHCS has an agreement with the Social Security Administration ("SSA") to provide custodial, snow removal, and landscaping services at SSA's Wilkes-Barre Operations Center. This contract provides for estimated annual payments approximating $2,000,000 through June 30, 2018. AHCS also has an agreement with the Tobyhanna Army Depot ("TAD") to provide custodial and snow removal services at their Tobyhanna Operations Center. This contract provides for estimated annual payments approximating $2,900,000 through September 30, 2015. The obligations of SSA and TAD to perform under the terms of these contracts are contingent upon the availability of funds from which payment for contract purposes can be made.

Donor-Restricted Gifts

Allied reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions.

Advertising Costs

Advertising costs are expensed as incurred and were approximately $702,000 in 2011 and $509,000 in 2010.

Income Taxes

The Foundation and its controlled entities are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code.

Allied accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2011 and 2010.

Allied's federal Returns of Organization Exempt from Income Tax for the years ended June 30, 2010, 2009, and 2008 remain subject to examination by the Internal Revenue Service.

Revenues in Excess of Expenses

The consolidated statement of operations includes the determination of revenues in excess of expenses. Changes in unrestricted net assets which are excluded from revenues in excess of expenses, consistent with industry practice, include pension liability adjustment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

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 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.

Reclassifications

Certain amounts relating to 2010 were reclassified to conform to the 2011 presentation.

Subsequent Events

Allied evaluated subsequent events for recognition or disclosure through December 21, 2011, the date the consolidated financial statements were available to be issued.

New Accounting Pronouncement

Insurance Claims

Allied will be required to adopt amended guidance which clarifies that health care entities may not net insurance recoveries against a related claim liability. In addition, the amount of the claim liability should be determined without consideration of insurance recoveries and estimated insurance recoveries, if any, should be measured and presented separately within the consolidated balance sheet. The amended guidance is effective for fiscal years beginning after December 15, 2010. Allied has not completed the process of evaluating the impact, if any, of this amended guidance on its consolidated financial statements.

2. Net Patient Service Revenues

Certain members of Allied have agreements with third-party payors that provide for payments at amounts different from their established rates. A significant portion of the Allied's net patient service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

- **Medicare** - Inpatient rehabilitation services are paid at prospectively determined rates per discharge. Outpatient rehabilitation services are paid based on a published fee schedule. Home health services are paid at prospectively determined amounts. Skilled nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. Therapy services rendered to Medicare Part B beneficiaries are paid at the lesser of a published fee schedule or actual charges. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.

- **Medical Assistance** - Inpatient rehabilitation services and skilled nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined per diem rates. Outpatient services are paid based on a published fee schedule. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.

- **Blue Cross** - Inpatient rehabilitation services rendered to Blue Cross subscribers are paid at prospectively determined per diem rates. Outpatient services are paid based on a prospectively determined percentage of charges subject to a limitation.

As described above, the Medicare and Medical Assistance rates are based on clinical, diagnostic, and other factors. The determination of these rates is partially based on Allied's clinical assessment of its patients. The documented assessments are subject to review and adjustment by the Medicare and Medical Assistance programs.

Certain members of Allied also have entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Allied under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Medicare Part A Rates - Center

In July 2011, the Department of Health & Human Services, Centers for Medicare & Medicaid Services issued the final rule reducing Medicare Part A payments to skilled nursing facilities for the period October 1, 2011 through September 30, 2012 by 11.1%, as compared to payments for the period October 1, 2010 through September 30, 2011. Management is currently analyzing the impact this reduction in Medicare Part A payments will have on the Center's operations.

Pennsylvania Hospital and Nursing Home Assessments

Effective July 1, 2010, ASIRM and Heinz are subject to a Quality Care Assessment imposed by DPW under Pennsylvania Act 49 of 2010 (the "Act"). The Act was pursued by Pennsylvania in an effort to increase the federal share of Medical Assistance funding. For the year ended June 30, 2011, the Act required ASIRM and Heinz to pay an assessment equal to 2.95% of net inpatient revenue from their 2008 federal fiscal year cost reports. In turn, ASIRM and Heinz receive additional reimbursement from DPW and the Hospital and Healthsystem Association of Pennsylvania. Assessments paid by ASIRM and Heinz were $1,289,582 in 2011 and the additional reimbursement received by ASIRM and Heinz was also $1,289,582 in 2011.

DPW also requires the Center to pay an assessment on its nursing facility days, excluding Medicare Part A days. In turn, DPW provides additional reimbursement to the Center. This program is a result of Pennsylvania's effort to increase the federal share of Medical Assistance funding. Assessments paid were $415,639 in 2011 and $394,035 in 2010 and the additional reimbursement received was $1,384,207 in 2011 and $1,350,715.

3. Assets Whose Use is Limited and Investments

The composition of assets whose use is limited and investments is set forth in the following table:

	2011	2010
Cash and cash equivalents	$ 3,210,388	$ 3,965,428
Certificates of deposit	2,295,107	2,292,419
Mutual funds, fixed income:		
Ultra-short bond	5,978,008	6,951,902
Short-term bond	9,937,582	6,055,193
Intermediate-term bond	13,326,482	12,958,049
Multi sector	1,246,506	-
Mutual funds, equity	1,063,254	1,975,586
Exchange traded funds, equity:		
Large blend	5,394,787	7,145,539
Foreign large blend	162,979	1,207,311
Equity securities	14,394,598	-
Total	$ 57,009,691	$ 42,551,427

Assets whose use is limited and investments are classified on the consolidated balance sheet as follows:

	2011	2010
Assets whose use is limited, current	$ 46,373	$ 85,948
Assets whose use is limited, non current	8,292,364	9,999,309
Investments	48,670,954	32,466,170
Total	$ 57,009,691	$ 42,551,427

Investment Return

Unrestricted investment income is comprised of the following:

	2011	2010
Interest and dividend income	$ 1,365,807	$ 944,559
Net realized gain on sales of investments	590,926	71,134
Net unrealized gain on investments	2,673,599	1,206,642
Total	$ 4,630,332	$ 2,222,335

4. Fair Value Measurements and Financial Instruments

Fair Value Measurements

Allied measures its assets whose use is limited and investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes 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 Allied 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 assets whose use is limited and investments were measured using the following inputs at June 30, 2011 and 2010:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
June 30, 2011:			
Cash and cash equivalents	$ 3,210,388	$ 3,210,388	$ -
Certificates of deposit	2,295,107	1,227,544	1,067,563
Mutual funds, fixed income:			
Ultra-short bond	5,978,008	5,978,008	-
Short-term bond	9,937,582	9,937,582	-
Intermediate-term bond	13,326,482	13,326,482	-
Multi sector	1,246,506	1,246,506	
Mutual funds, equity	1,063,254	1,063,254	-
Exchange traded funds, equity:			
Large blend	5,394,787	5,394,787	-
Foreign large blend	162,979	162,979	-
Equity securities	14,394,598	14,394,598	-
Total	$ 57,009,691	$ 55,942,128	$ 1,067,563
June 30, 2010:			
Cash and cash equivalents	$ 3,965,428	$ 3,965,428	$ -
Certificates of deposit	2,292,419	-	2,292,419
Mutual funds, fixed income:			
Ultra-short bond	6,951,902	6,951,902	-
Short-term bond	6,055,193	6,055,193	-
Intermediate-term bond	12,958,049	12,958,049	-
Mutual funds, equity	1,975,586	1,975,586	-
Exchange traded funds, equity:			
Large blend	7,145,539	7,145,539	-
Foreign large blend	1,207,311	1,207,311	-
Total	$ 42,551,427	$ 40,259,008	$ 2,292,419

Allied had no financial instruments measured at fair value using Level 3 inputs at June 30, 2011 and 2010.

Financial Instruments

The carrying amounts of cash and cash equivalents, resident funds, accounts receivable, estimated third party settlements, and accounts payable approximate fair value due to the short-term nature of these instruments.

Assets whose use is limited and investments are valued at fair value based on quoted market prices in active markets for cash and cash equivalents, certain certificates of deposit, mutual funds, exchange traded funds, and equity securities or estimated using quoted prices for similar securities for certain certificates of deposit.

The carrying amount of long-term debt, excluding Allied Services Housing loan, approximates fair value at June 30, 2011 and 2010 based on borrowing rates available to Allied for debt with similar terms, maturities, and credit risk.

Since terms could not be duplicated in the market for a Pennsylvania Housing Finance Agency loan, it was not practicable to compute the fair value of this mortgage payable maintained by Allied Services Housing whose carrying value was $128,513 and $132,902 at June 30, 2011 and 2010, respectively (Note 7).

5. Property and Equipment, Net

Property and equipment and accumulated depreciation consist of the following:

	2011	2010
Land and land improvements	$ 11,270,083	$ 10,753,609
Buildings and improvements	84,727,327	83,125,579
Furniture and equipment	41,502,599	40,740,804
Construction-in-progress	545,736	663,653
Total	138,045,745	135,283,645
Less accumulated depreciation	99,996,343	97,116,439
Property and equipment, net	$ 38,049,402	$ 38,167,206

6. Demand Note Payable

Allied maintains a $1,000,000 unsecured bank line of credit. Borrowings bear interest at the National Prime Rate (3.25% at June 30, 2011). The line of credit expires February 29, 2012. There were no borrowings at June 30, 2011 and 2010.

7. Revenue Notes, Mortgages, and Notes Payable

Revenue notes, mortgages, and notes payable are as follows:

	2011	2010
Allied Terrace		
Northeast Pennsylvania Hospital and Educational Authority ("NPHE Authority"), Series of 2007 Revenue Note, through June 2013, monthly payments of $36,393, including interest at 4.7%, are due; from July 2013 through maturity in December 2019, monthly payments of $36,563, including interest at 4.85%, are due. The note is collateralized by a first mortgage on Allied Terrace's property and equipment, a first priority security interest in the gross receipts of Allied Terrace and the unconditional guaranty of the Foundation	$ 3,054,738	$ 3,340,526
ASIRM		
Wyoming Industrial Development Authority ("WID Authority"), Series of 2007 Revenue Note, through June 2013, monthly payments of $90,982, including interest at 4.7%, are due; from July 2013 through maturity in December 2019, monthly payments of $91,408, including interest at 4.85%, are due. The note is collateralized by a first mortgage on ASIRM's property and equipment, a first priority security interest in the gross receipts of ASIRM and the unconditional guaranty of the Foundation	7,636,885	8,351,315
WID Authority, Series of 2008 Revenue Note, through July 2013, monthly payments of $77,335, including interest at 4.7%, are due; from August 2013 through maturity in January 2020, monthly payments of $77,697, including interest at 4.85%, are due. The note is collateralized by a first mortgage on ASIRM's property and equipment, a first priority security interest in the gross receipts of ASIRM and the unconditional guaranty of the Foundation	6,542,226	7,147,237

	2011	2010
Heinz		
NPHE Authority, Series of 2007 Revenue Note, due in monthly installments of $63,873, including interest at 4.7%, through December 2013. The note is collateralized by a first mortgage on Heinz's property and equipment, a first priority security interest in the gross receipts of Heinz and the unconditional guaranty of the Foundation	$ 1,804,404	$ 2,468,983
Mortgage payable to Luzerne County, through the Business Development Loan Program, due in monthly payments of $4,656, including interest at 1.5%, through June 2022. The loan is secured by an irrevocable letter of credit assigned to Luzerne County in the amount of $750,000 expiring May 1, 2012 and the unconditional guaranty of the Foundation	562,241	609,290
Capital lease payable in monthly installments of $842, including interest at 10%, through November 2011	4,108	13,297
Center		
Scranton-Lackawanna Health and Welfare Authority, Series of 2001 Revenue Note, due in annual installments of $544,167, with interest payable monthly at 5.3%, maturing August 2013. The loan is secured by a first mortgage on all land, buildings, and equipment of the Center and the unconditional guaranty of the Foundation	1,632,500	2,176,667
Mortgage payable to the City of Scranton, due in annual payments of $84,781, including interest at 6%, through July 2014. The loan is secured by a second mortgage on all land, buildings, and equipment of the 180-bed nursing home addition of the Center	293,776	357,129

	2011	2010
Foundation		
City of Wilkes-Barre Industrial Development Authority, Series of 1999 Revenue Note, due in monthly payments of $9,587, including interest at 5.15%, through May 2014; collateralized by certain fixed assets and an assignment of lease and rental agreements	$ 321,501	$ 417,075
Controlled Entities and Divisions of AHCS		
Allied Services Housing		
9.25% mortgage note requiring monthly principal and interest payments of $1,375 through April 2025; collateralized by substantially all property and equipment of the related project	128,513	132,902
Allied Medical Arts Centers		
City of Wilkes-Barre Industrial Development Authority, Series of 1997 Revenue Note, due in monthly payments of $13,734, including interest at 5.5%, through February 2012; collateralized by certain fixed assets and an assignment of lease and rental agreements	27,437	185,899
Mortgage payable, due in monthly payments of $10,320, including interest at 5.75%, through October 2018; collateralized by a first mortgage on the building and assignment of lease and rental agreements	737,291	815,659
Allied Services Home Office		
Mortgage payable due in monthly payments of $33,940, including interest at 5%, through September 2020; collateralized by certain real estate and the unconditional guaranty of the Foundation	3,003,515	3,251,292

	2011	2010
Allied ICF/MR		
Loan payable due in monthly payments of $886 through November 2016, including interest at 7.5%; collateralized by certain real estate	$ 47,072	$ 53,851
Loan payable due in monthly payments of $862 through November 2011, including interest at a variable rate based on collateralized certificate of deposit (3.54% at June 30, 2011); balloon payment due December 2011; secured by an assigned certificate of deposit with the bank ($151,478 at June 30, 2011)	75,602	83,125
Mental Health Services		
Loan payable due in monthly payments of $1,357 through November 2016, including interest at 7%; collateralized by certain real estate	73,023	83,712
Burnley		
Non-interest bearing loan payable due in quarterly payments of $2,100 through April 2011	-	8,400
Vocational Services		
Non-interest bearing loan payable due in quarterly payments of $5,000 through November 2015; collateralized by capital equipment	90,000	-
Capital lease payable in monthly installments of $5,913, including interest at 6%, through September 2015; collateralized by leased assets	265,592	-
Total	26,300,424	29,496,359
Less current maturities	3,689,442	3,552,894
Long-term debt	$ 22,610,982	$ 25,943,465

Scheduled principal payments on revenue notes, mortgages, and notes payable are as follows:

Years ending June 30:	
2012	$ 3,689,442
2013	3,731,234
2014	3,492,107
2015	2,583,923
2016	2,560,120
Thereafter	10,243,598
Total	$ 26,300,424

As a requirement of its loan agreements, ASIRM, Heinz, Allied Terrace, and Allied Medical Arts Center are required to meet certain financial and operational covenants.

8. Pension Plans

Allied sponsors a noncontributory defined benefit pension plan; Allied froze the activity in this plan effective October 31, 2003.

The following table sets forth the funded status of the defined benefit pension plan and the accumulated benefit obligation at June 30:

	2011	2010
Fair value of plan assets	$ 27,546,938	$ 22,466,046
Benefit obligation	35,039,445	34,535,535
Funded status of the plan	$ (7,492,507)	$ (12,069,489)
Accumulated benefit obligation	$ 35,039,445	$ 34,535,535

Net periodic pension cost, contributions, and benefits paid related to the defined benefit pension plan are as follows:

	2011	2010
Net periodic pension cost	$ 1,119,049	$ 905,448
Employer contributions	$ 1,028,090	$ 1,100,000
Participant contributions	$ -	$ -
Benefits paid	$ 1,054,209	$ 850,578

The following table provides the amounts recognized in the consolidated balance sheet at June 30, 2011 and 2010:

	2011	2010
Pension liability, current	$ -	$ -
Pension liability, noncurrent	7,492,507	12,069,489
Net amount recognized	$ 7,492,507	$ 12,069,489

The measurement date used to determine the plan asset and benefit obligation information was June 30.

A net loss of $10,951,600 represents the unrecognized component of net periodic pension cost included in unrestricted net assets at June 30, 2011. Amortization of the net loss of approximately $723,000 is expected to be recognized in net periodic pension cost in 2012.

Assumptions

The weighted average assumptions used in computing Allied's benefit obligation for the defined benefit pension plan are as follows:

	2011	2010
Discount rate	5.54 %	5.40 %
Rate of compensation increase	N/A	N/A

The weighted average assumptions used in the measurement of net periodic pension cost for the defined benefit pension plan are as follows:

	2011	2010
Discount rate	5.40 %	6.25 %
Expected long-term return on plan assets	8 %	8 %
Rate of compensation increase	N/A	N/A

Plan Assets

The following table sets forth the actual asset allocation and target asset allocation for plan assets:

	2011	2010	Target Asset Allocation
Asset category:			
Equity securities	65 %	66 %	60 %
Fixed income securities	35	34	40
Total	100 %	100 %	100 %

Plan assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with Allied's risk tolerance. This is achieved through the utilization of asset managers and systemic allocation to investment management styles, providing a broad exposure to different segments of the equity and fixed income markets.

Allied's expected long-term rate of return on plan assets assumption was developed based on historical returns for the major asset classes. This review also considered both current market conditions and projected future conditions.

Fair Value of Plan Assets

The following table sets forth by level, within the fair value hierarchy (Note 4), the plan assets at fair value at June 30, 2011 and 2010:

	Quoted Prices in Active Markets (Level 1)
June 30, 2011:	
Mutual funds:	
Equity:	
Large-cap stock	$ 12,366,060
Small-cap stock	2,718,535
International stock	2,765,212
Fixed income:	
Short-term bond	4,097,255
Intermediate-term bond	5,599,876
Total	$ 27,546,938
June 30, 2010:	
Mutual funds:	
Equity:	
Large-cap stock	$ 10,685,139
Small-cap stock	2,480,587
International stock	1,626,902
Fixed income:	
Short-term bond	2,320,129
Intermediate-term bond	5,353,289
Total	$ 22,466,046

Mutual funds are valued at the quoted net asset value of shares held by the plan at year end.

Cash Flows

Allied expects to make contributions to the defined benefit pension plan of approximately $1,663,000 during 2012.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

Years ending June 30:	
2012	$ 1,320,755
2013	1,375,316
2014	1,468,376
2015	1,612,926
2016	1,666,573
Thereafter	9,611,109
Total	$ 17,055,055

Defined Contribution Pension Plan

Allied sponsors a defined contribution plan that is available to substantially all employees. Pension expense was approximately $426,000 in 2011 and $551,000 in 2010.

9. Medical Malpractice Claims Coverage

Primary Coverage

Primary medical and professional liability coverage for Allied is provided through the RRG. General liability coverage for Allied is also provided through the RRG. The RRG is a separate legal entity established for the payment of medical malpractice and general liability claim settlements and expenses. Under the terms of the RRG Agreement (the "Agreement"), Allied was required to deposit an initial capital investment of $1,131,690 into the RRG. This amount, and investment earnings thereon, is included in noncurrent assets whose use is limited in the consolidated balance sheet. The initial funding requirement was determined by an actuary based upon an evaluation of Allied's past claims history.

The coverage limits for medical malpractice claims under the RRG are $500,000 per occurrence and $1,500,000 in the aggregate per year. The medical malpractice coverage is funded on a mature claims-made basis with retroactive coverage.

MCARE Fund Coverage

The Pennsylvania Medical Care Availability and Reduction of Error Fund ("MCARE Fund") provides excess coverage per the Pennsylvania law governing the MCARE Fund. Pursuant to the per occurrence and aggregate limits set forth in the controlling Pennsylvania statutes, the MCARE Fund provides coverage for losses in excess of the primary coverage that was in effect on the date of the incident. The cost of MCARE Fund coverage is recognized as expense in the period incurred. Increases in annual surcharges and concerns over the MCARE Fund's ability to manage and pay claims continues to result in proposals to reform or restructure the MCARE Fund. MCARE Fund coverage is currently scheduled to be reduced in 2012, unless the State Insurance Commissioner determines that additional primary insurance capacity is not available at that time, and eliminated three years after such reduction. Allied will be required to purchase additional primary insurance to take the place of the MCARE Fund coverage as it phases out. Depending upon the ultimate resolution of this matter, Allied may incur additional insurance costs.

Summary

Allied's undiscounted estimated medical malpractice claims liability and general liability for both asserted and unasserted claims was $2,517,883 and $2,178,715 at June 30, 2011 and 2010, respectively. It is reasonably possible that the estimates used could change materially in the near term.

Allied believes it has adequate insurance coverages for all asserted claims and it has no knowledge of unasserted claims which would exceed its insurance coverages.

10. Concentrations of Credit Risk

Allied grants credit without collateral to its patients, most of whom are local residents insured under third-party payor arrangements primarily with Medicare, Medical Assistance, Blue Cross, and various commercial insurance companies.

Allied maintains cash accounts, which generally exceed federally insured limits. Allied has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

11. Commitments

Allied leases several buildings for use in its satellite operations and administrative services. The amounts included as minimum future rentals include annual increases as outlined in the agreements. These amounts may fluctuate based on increases in the consumer price index over the lease terms. Also, in addition to minimum rentals, Allied is responsible for utilities and other expenses at several locations.

The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2011:

Years ending June 30:	
2012	$ 1,732,000
2013	1,383,000
2014	1,087,000
2015	255,000
2016	156,000
Total	$ 4,613,000

Rent expense for operating leases was approximately $2,334,000 in 2011 and $2,377,000 in 2010.

12. Self-Funded Insurance Plans

Allied maintains self-funded plans for workers' compensation and unemployment compensation insurance costs. For workers' compensation, Allied accrues the estimated cost for incurred and unreported claims based upon data provided by the third-party administrator for the program and its historical claims experience. Allied's estimated cost of incurred and unreported claims was $4,865,049 and $4,515,049 at June 30, 2011 and 2010, respectively. In addition, Allied maintains a letter of credit as security for future claims payments. The amount is determined by the Commonwealth of Pennsylvania Department of Labor and Industry and was $4,700,000 at June 30, 2011. Allied has collateralized the letter of credit with investments having a fair value of approximately $5,166,000 at June 30, 2011. These investments are included in noncurrent assets whose use is limited in the consolidated balance sheet.

Allied accrues the estimated cost of incurred and unreported unemployment compensation claims based upon open cases and its historical claims experience. Unemployment compensation losses are charged to expense in the period incurred.

13. Rental Income

AHCS leases space in its Medical Arts Centers and its corporate offices to various doctors, medical laboratories, and other third parties. The amounts included as minimum future rental income include annual increases as outlined in the agreements.

The following is a schedule by year of future minimum rental income required under the lease agreements that have an initial or remaining noncancelable lease terms in excess of one year as of June 30, 2011:

Years ending June 30:	
2012	$ 1,196,000
2013	1,061,000
2014	1,027,000
2015	651,000
2016	551,000
Thereafter	191,000
Total	$ 4,677,000

Rental income was approximately $1,499,000 in 2011 and $1,481,000 in 2010.

14. Contingency

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on Allied, if any, are not presently determinable.

Effective July 1, 2010, DPW implemented the Act, which modernized Pennsylvania's fee-for-service hospital payment system, established enhanced hospital payments through the state's Medical Assistance managed care program, and secured matching Medical Assistance funds through the establishment of the Hospital Quality Care Assessment (Note 2). The Act is only effective through June 30, 2013, after which time the additional reimbursement is not guaranteed to remain. The potential effects of this are not presently determinable.

15. Functional Expenses

Allied provides various healthcare services to individuals within its geographic location. Expenses related to providing these services are approximately as follows (in thousands):

	2011	2010
Healthcare and other related services	$ 131,710	$ 128,395
General and administrative	20,038	20,509
Fundraising	893	904
Total expenses	$ 152,641	$ 149,808

ParenteBeard

Independent Auditors' Report on Supplementary Information

Board of Directors
Allied Services Foundation

Our report on the audits of the basic consolidated financial statements of Allied Services Foundation and controlled entities for 2011 and 2010 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating and combining schedules presented on pages 30 to 41 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets (deficit) of the individual entities and divisions. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

ParenteBeard LLC

Wilkes-Barre, Pennsylvania
December 21, 2011

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2011
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidated
Assets										
Current Assets										
Cash and cash equivalents	$ 4,562,345	$ 3,570,919	$ 741,140	$ 2,020,503	$ 11,163,328	$ -	$ 2,492	$ 199,066	$ (13,794,378)	$ 8,465,415
Restricted cash, resident funds	-	-	-	118,491	141,361	-	-	-	-	259,852
Assets whose use is limited	-	-	-	-	-	46,373	-	-	-	46,373
Accounts receivable (net of estimated allowance for doubtful collections of $2,140,000)	1,813,555	2,440,117	-	4,045,042	6,049,456	-	-	2,237	-	14,350,407
Intercompany receivables, net	1,224,672	979,996	6,705	440,510	3,255,508	-	-	52,134	(5,959,525)	-
Estimated third-party payor settlements	376,627	1,629,363	-	-	-	-	-	-	-	2,005,990
Inventories	233,232	31,415	-	25,920	804,550	-	-	8,212	-	1,103,329
Prepaid expenses and other current assets	205,324	89,803	-	-	1,390,600	12,500	-	8,163	-	1,706,390
Total current assets	8,415,755	8,741,613	747,845	6,650,466	22,804,803	58,873	2,492	269,812	(19,753,903)	27,937,756
Assets Whose Use Is Limited	-	343,714	5,166,330	-	1,099,376	1,677,944	5,000	-	-	8,292,364
Investments	17,986,859	7,483,996	17,438,054	2,328,467	-	3,433,578	-	-	-	48,670,954
Property and Equipment, Net	8,264,664	5,401,141	794,389	4,985,506	14,693,181	-	-	3,910,521	-	38,049,402
Deferred Financing Costs, Net	245,813	17,047	2,350	10,909	14,922	-	-	28,980	-	320,021
Total assets	$ 34,913,091	$ 21,987,511	$ 24,148,968	$ 13,975,348	$ 38,612,282	$ 5,170,395	$ 7,492	$ 4,209,313	$ (19 753 903)	$ 123,270,497

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2011
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	$ 1,381,049	$ 748,288	$ 100,932	$ 611,321	$ 548,700	$ -	$ -	$ 299,152	$ -	$ 3,689,442
Accounts payable and accrued expenses	591,237	409,186	142	316,980	2,469,635	46,373	23,111	114,965		3,971,629
Estimated third-party payor settlements	711,697	583,272	-	459,719	833,747	-	-	-	-	2,588,435
Amounts due to affiliates for working capital	-	-	-	-	13,788,510	-	5,868	-	(13,794,378)	-
Intercompany payables, net	686,613	669,115	3,587,658	801,733	91,360	50,000	5,145	67,901	(5,959,525)	-
Accrued workers' compensation	-	-	-	-	1,372,000	-	-	-	-	1,372,000
Accrued payroll and related liabilities	1,167,796	1,375,054	22,598	755,542	3,226,987	-	-	52,223	-	6,600,200
Accrued interest	-	-	-	17,627	991	-	-	-	-	18,618
Resident funds	-	-	-	118,491	141,361	-	-	-	-	259,852
Total current liabilities	4,538,392	3,784,915	3,711,330	3,081,413	22,473,291	96,373	34,124	534,241	(19,753,903)	18,500,176
Long-Term Debt	12,798,062	1,622,465	220,569	1,314,955	3,899,345	-	-	2,755,586	-	22,610,982
Pension Liability	-	-	7,492,507	-	-	-	-	-	-	7,492,507
Malpractice and General Liability	-	-	-	-	-	2,517,883	-	-	-	2,517,883
Workers' Compensation	-	-	-	-	3,493,049	-	-	-	-	3,493,049
Total liabilities	17,336,454	5,407,380	11,424,406	4,396,368	29,865,685	2,614,256	34,124	3,289,827	(19,753,903)	54,614,597
Net Assets (Deficit)										
Unrestricted	17,576,637	16,580,131	9,337,123	9,578,980	8,746,597	2,556,139	(26,632)	919,486	-	65,268,461
Temporarily restricted	-	-	1,326,374	-	-	-	-	-	-	1,326,374
Permanently restricted	-	-	2,061,065	-	-	-	-	-	-	2,061,065
Total net assets (deficit)	17,576,637	16,580,131	12,724,562	9,578,980	8,746,597	2,556,139	(26,632)	919,486	-	68,655,900
Total liabilities and net assets (deficit)	$ 34,913,091	$ 21,987,511	$ 24,148,968	$ 13,975,348	$ 38,612,282	$ 5,170,395	$ 7,492	$ 4,209,313	$ (19,753,903)	$ 123,270,497

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2011
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues										
Net patient service revenues	$ 35,095,782	$ 38,160,904	$ -	$ 33,449,019	$ 16,834,939	$ -	$ 34,060	$ 2,222,546	$ -	$ 125,797,250
Pennsylvania hospital and nursing home assessments	713,760	575,822	-	1,384,207	-	-	-	-	-	2,673,789
Other revenues	1,283,857	567,817	198,458	113,293	48,701,420	916,000	-	33,895	(18,646,982)	33,167,758
Net assets released from restrictions	-	-	110,499	-	-	-	-	-	-	110,499
Total unrestricted revenues	37,093,399	39,304,543	308,957	34,946,519	65,536,359	916,000	34,060	2,256,441	(18,646,982)	161,749,296
Expenses										
Salaries, wages, and contract labor	15,960,462	18,854,371	250,721	16,438,566	38,442,574	-	11,363	763,512	-	90,721,569
Supplies and expenses	12,423,187	11,749,516	370,738	11,520,561	16,245,028	1,562,174	43,575	890,666	(18,646,982)	36,158,463
Employee benefits	3,265,218	3,660,729	264,155	3,740,223	6,036,496	-	1,490	196,316	-	17,164,627
Depreciation and amortization	949,934	669,954	98,895	660,329	2,330,207	-	-	189,423	-	4,898,742
Interest expense	700,361	111,630	19,475	109,997	224,730	-	-	151,676	-	1,317,869
Pennsylvania hospital and nursing home assessments	713,760	575,822	-	415,639	-	-	-	-	-	1,705,221
Provision for doubtful collections	40,000	81,000	-	550,000	(6,270)	-	-	9,704	-	674,434
Total expenses	34,052,922	35,703,022	1,003,984	33,435,315	63,272,765	1,562,174	56,428	2,201,297	(18,646,982)	152,640,925
Operating income (loss)	3,040,477	3,601,521	(695,027)	1,511,204	2,263,594	(646,174)	(22,368)	55,144	-	9,108,371
Investment Income (Loss)	1,810,089	438,393	1,942,392	68,463	39,419	331,659	(33)	(50)	-	4,630,332
Revenues in excess of (less than) expenses	4,850,566	4,039,914	1,247,365	1,579,667	2,303,013	(314,515)	(22,401)	55,094	-	13,738,703
Pension Liability Adjustment	-	-	4,667,941	-	-	-	-	-	-	4,667,941
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	-	191,302	-	-	-	-	-	-	191,302
Transfers from (to) Affiliates	102,416	-	413,348	88,886	(604,650)	-	-	-	-	-
Change in unrestricted net assets (deficit)	$ 4,952,982	$ 4,039,914	$ 6,519,956	$ 1,668,553	$ 1,698,363	$ (314,515)	$ (22,401)	$ 55,094	$ -	$ 18,597,946

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Statement of Changes in Net Assets (Deficit)
Year Ended June 30, 2011
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Net Assets (Deficit)										
Revenues in excess of (less than) expenses	$ 4,850,566	$ 4,039,914	$ 1,247,365	$ 1,579,667	$ 2,303,013	$ (314,515)	$ (22,401)	$ 55,094	$ -	$ 13,738,703
Pension liability adjustment	-	-	4,667,941	-	-	-	-	-	-	4,667,941
Net assets released from restrictions for purchase of property and equipment	-	-	191,302	-	-	-	-	-	-	191,302
Transfers from (to) affiliates	102,416	-	413,348	88,886	(604,650)	-	-	-	-	-
Change in unrestricted net assets (deficit)	4,952,982	4,039,914	6,519,956	1,668,553	1,698,363	(314,515)	(22,401)	55,094	-	18,597,946
Temporarily Restricted Net Assets										
Contributions	-	-	876,373	-	-	-	-	-	-	876,373
Investment income	-	-	4,137	-	-	-	-	-	-	4,137
Net assets released from restrictions for										
Operations	-	-	(110,499)	-	-	-	-	-	-	(110,499)
Purchase of property and equipment	-	-	(191,302)	-	-	-	-	-	-	(191,302)
Increase in temporarily restricted net assets	-	-	578,709	-	-	-	-	-	-	578,709
Increase in Permanently Restricted Net Assets										
Contributions and investment income	-	-	66,242	-	-	-	-	-	-	66,242
Change in net assets (deficit)	4,952,982	4,039,914	7,164,907	1,668,553	1,698,363	(314,515)	(22,401)	55,094	-	19,242,897
Net Assets (Deficit), Beginning	12,623,655	12,540,217	5,559,655	7,910,427	7,048,234	2,870,654	(4,231)	864,392	-	49,413,003
Net Assets (Deficit), Ending	$ 17,576,637	$ 16,580,131	$ 12,724,562	$ 9,578,980	$ 8,746,597	$ 2,556,139	$ (26,632)	$ 919,486	$ -	$ 68,655,900

Allied Services Foundation and Controlled Entities

Combining Schedule - Allied Health Care Services, Balance Sheet
June 30 2011
(See Independent Accountants' Report on Supplementary Information)

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Consolidation Eliminations	Consolidation Consolidated
Assets														
Current Assets														
Cash and cash equivalents	$ 1,433 931	$ 263 706	$ 207 693	$ 1 905 330	$ 6 384 973	$ 172	$ 1,326,616	$ 832 473	$ 550	$ 712,964	$ -	$ 250	$ -	$ 11 163 328
Restricted cash, resident funds	-	137 055	-	137 055	-	1,269	-	-	-	3,037	-	-	-	141 361
Accounts receivable (net of estimated allowance for doubtful collections of $310,000)	1 105 956	888 639	157 685	2,152 280	32 356	299	530 642	2 507,722	581 761	-	5 817	238 579	-	6 049 456
Intercompany receivables, net	556 778	174 345	3 019	734,142	2 812 496	-	166 188	89,043	38,091	41 928	-	335 620	(962 000)	3 255 508
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	245 025	5 084	6 093	256 202	16,166	-	-	-	-	-	-	532 182	-	804 550
Prepaid expenses and other current assets	59,043	802	11,000	70,845	785,839	1,761	5,543	13,288	27,320	30,113	5,891	450,000	-	1,390,600
Total current assets	3 400 733	1 469 631	385,490	5,255 854	10,031 830	3 501	2 028,989	3,442 526	647 722	788 042	11,708	1 556 631	(962 000)	22 804 803
Assets Whose Use Is Limited	-	-	-	-	1 035 074	64 302	-	-	-	-	-	-	-	1,099 376
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and Equipment, Net	771 883	680,157	569,503	2,021 543	5 760,157	93 217	51,645	7 734	490,495	1 648,061	3,871,287	749,042	-	14 693 181
Deferred Financing Costs, Net	-	-	-	-	14 922	-	-	-	-	-	-	-	-	14 922
Total assets	$ 4,172,616	$ 2,149,788	$ 954,993	$ 7,277,397	$ 16,841,983	$ 161,020	$ 2,080,634	$ 3,450,260	$ 1,138,217	$ 2,436,103	$ 3,882,995	$ 2,305,673	$ (962,000)	$ 38,612,282
Liabilities and Net Assets (Deficit)														
Current Liabilities														
Current maturities of long-term debt	$ 76,557	$ 82 900	$ -	$ 159,457	$ 261,556	$ 4,813	$ -	$ -	$ 11 652	$ 83 785	$ 27 437	$ -	$ -	$ 548 700
Accounts payable and accrued expenses	202,397	72 960	21,528	296,885	1 230,657	3,365	(835)	692 568	22 858	32 658	162 955	28 524	-	2 469 635
Estimated third-party payor settlements	-	49 879	3 413	53 292	-	-	-	769 000	11 455	-	-	-	-	833 747
Amounts due to affiliates for working capital	-	833 659	-	833 659	6 480 697	-	-	-	39,188	2,688 373	1 667 126	2 079 467	-	13,788 510
Intercompany payables, net	166 089	418 425	11 985	596 499	59 643	42 275	89 437	104,910	100,398	17,478	4,381	38 339	(962,000)	91 360
Accrued workers' compensation	-	-	-	-	1 372 000	-	-	-	-	-	-	-	-	1 372 000
Accrued payroll and related liabilities	314 267	246 406	41 693	602 366	2 207 974	-	201 524	67 432	76 100	-	-	71 591	-	3 226 987
Accrued interest	-	-	-	-	-	991	-	-	-	-	-	-	-	991
Resident funds	-	137,055	-	137,055	-	1,269	-	-	-	3,037	-	-	-	141,361
Total current liabilities	759 310	1,841,284	78 619	2 679,213	11 612,527	52,713	290 126	1 633 910	261 651	2 825 331	1 861 899	2 217 921	(962 000)	22 473,291
Long-Term Debt														
Mortgages and notes payable	279 035	39 774	-	318 809	2 741 959	123 700	-	-	61 371	653 506	-	-	-	3,899,345
Workers' Compensation	-	-	-		3 493 049	-	-	-	-	-	-	-	-	3 493 049
Total liabilities	1,038 345	1,881,058	78,619	2,998,022	17 847 535	176,413	290 126	1 633 910	323 022	3 478 837	1 861 899	2 217,921	(962 000)	29 865 685
Net Assets (Deficit)														
Unrestricted	3,134,271	268,730	876,374	4,279,375	(1,005,552)	(15,393)	1,790,508	1 816,350	815,195	(1,042,734)	2,021,096	87,752	-	8,746,597
Total liabilities and net assets (deficit)	$ 4,172,616	$ 2,149,788	$ 954,993	$ 7,277,397	$ 16,841,983	$ 161,020	$ 2,080,634	$ 3,450,260	$ 1,138,217	$ 2,436,103	$ 3,882,995	$ 2,305,673	$ (962,000)	$ 38,612,282

Allied Services Foundation and Controlled Entities

Combining Schedule - Allied Health Care Services, Statement of Operations
Year Ended June 30, 2011
(See Independent Accountants' Report on Supplementary Information)

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues														
Net patient service revenues	$ -	$ 12 026,860	$ -	$ 12,026 860	$ -	$ -	$ 4 808 079	$ -	$ -	$ -	$ -	$ -	$ -	$ 16 834 939
Other revenues	10,771,978	111,615	1,723,909	12,607,502	16,796,786	51,606	-	13,121,813	3,129,800	532,359	943,578	8,070,180	(6,552,204)	48,701,420
Total unrestricted revenues	10,771,978	12,138,475	1,723,909	24,634,362	16,796,786	51,606	4,808,079	13,121,813	3,129,800	532,359	943,578	8,070,180	(6,552,204)	65,536,359
Expenses														
Salaries and wages	5 957 068	5 699,485	1 075 067	12 731 620	8 778 685	4 466	3 036 389	10 955,304	1 423 605	923	-	1,511 582	-	38 442 574
Supplies and expenses	3 158 118	5 113,545	378 774	8 650 437	4 718 117	39 944	863 013	1,168,613	1 127,739	299 630	276 003	5,653 736	(6 552 204)	16 245 028
Employee benefits	961,792	1 216,616	171 119	2 349 527	1 837 632	343	565 848	746 191	328,322	71	-	208 562	-	6 036 496
Depreciation and amortization	202,415	119 299	54,771	376,485	1 360 969	5 252	30 906	854	89 330	90 576	281 528	94 307	-	2 330,207
Interest expense	-	8 499	(470)	8,029	147 224	12 077	-	-	5 590	45 468	6 342	-	-	224,730
Provision for doubtful collections	-	-	-	-	-	241	-	(19,000)	8,989	-	-	3,500	-	(6,270)
Total expenses	10,279,393	12,157,444	1,679,261	24,116,098	16,842,627	62,323	4,496,156	12,851,962	2,983,575	436,668	563,873	7,471 687	(6,552,204)	63,272,765
Operating income (loss)	492 585	(18,969)	44 648	518 264	(45,841)	(10 717)	311 923	269 851	146,225	95 691	379 705	598 493	-	2 263 594
Investment Income (Loss)	2,965	647	-	3 612	45 847	209	2 797	341	116	(4 628)	(4 521)	(4 354)		39 419
Revenues in excess of (less than) expenses	495 550	(18 322)	44,648	521 876	6	(10 508)	314 720	270 192	146 341	91 063	375 184	594 139	-	2,303 013
Transfers to Affiliates	-	-	-	-	(604 650)	-	-	-	-	-	-	-	-	(604 650)
Change in unrestricted net assets (deficit)	$ 495,550	$ (18,322)	$ 44,648	$ 521,876	$ (604,644)	$ (10,508)	$ 314,720	$ 270,192	$ 146,341	$ 91,063	$ 375,184	$ 594,139	$ -	$ 1 698,363

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2010
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidation Consolidated
Assets										
Current Assets										
Cash and cash equivalents	$ 4,545,932	$ 6,678,298	$ 1,578,006	$ 1,858,524	$ 4,397,836	$ -	$ 11,524	$ 235,897	$ (9,328,134)	$ 9,977,883
Restricted cash, resident funds	-	-	-	132,430	133,550	-	-	-	-	265,980
Assets whose use is limited	-	-	-	-	-	85,948	-	-	-	85,948
Accounts receivable (net of estimated allowance for doubtful collections of $2,305,000)	2,165,583	2,741,038	-	5,122,308	4,709,277	-	550	5,974	-	14,744,730
Intercompany receivables, net	1,372,392	1,377,018	6,705	453,351	3,467,664	-	-	70,306	(6,747,436)	-
Estimated third-party payor settlements	1,966,200	931,112	-	-	11,483	-	-	-	-	2,908,795
Inventories	219,948	29,205	-	17,078	688,899	-	-	7,613	-	962,743
Prepaid expenses and other current assets	228,744	71,822	-	-	1,328,387	12,502	4,697	7,777	-	1,653,929
Total current assets	10,498,799	11,828,493	1,584,711	7,583,691	14,737,096	98,450	16,771	327,567	(16,075,570)	30,600,008
Assets Whose Use Is Limited	1,202,441	675,940	4,916,588	-	1,089,335	2,106,047	8,958	-	-	9,999,309
Investments	12,188,557	857,179	15,118,148	762,663	558,803	2,980,820	-	-	-	32,466,170
Property and Equipment, Net	7,788,110	5,815,366	892,444	5,304,215	14,308,973	-	-	4,058,098	-	38,167,206
Deferred Financing Costs, Net	274,736	23,866	3,190	16,058	16,550	-	-	32,390	-	366,790
Total assets	$ 31,952,643	$ 19,200,844	$ 22,515,081	$ 13,666,627	$ 30,710,757	$ 5,185,317	$ 25,729	$ 4,418,055	$ (16,075,570)	$ 111,599,483

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2010
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	$ 1,319,481	$ 720,886	$ 95,876	$ 607,520	$ 523,333	$ -	$ -	$ 285,798	$ -	$ 3,552,894
Accounts payable and accrued expenses	682,960	499,768	6,570	275,343	1,811,907	85,948	26,142	72,095	-	3,460,733
Estimated third-party payor settlements	669,383	350,181	-	448,000	343,820	-	-	-	-	1,811,384
Amounts due to affiliates for working capital	-	-	-	-	9,328,134	-	-	-	(9,328,134)	-
Intercompany payables, net	632,128	539,921	4,430,443	951,096	80,938	50,000	3,818	59,092	(6,747,436)	-
Accrued workers' compensation	-	-	-	-	1,375,000	-	-	-	-	1,375,000
Accrued payroll and related liabilities	1,845,965	2,179,187	31,849	1,394,107	2,833,261	-	-	81,950	-	8,366,319
Accrued interest	-	-	-	21,428	1,024	-	-	-	-	22,452
Resident funds	-	-	-	132,430	133,550	-	-	-	-	265,980
Total current liabilities	5,149,917	4,289,943	4,564,738	3,829,924	16,430,967	135,948	29,960	498,935	(16,075,570)	18,854,762
Long-Term Debt	14,179,071	2,370,684	321,199	1,926,276	4,091,507	-	-	3,054,728	-	25,943,465
Pension Liability	-	-	12,069,489	-	-	-	-	-	-	12,069,489
Malpractice and General Liability	-	-	-	-	-	2,178,715	-	-	-	2,178,715
Workers' Compensation	-	-	-	-	3,140,049	-	-	-	-	3,140,049
Total liabilities	19,328,988	6,660,627	16,955,426	5,756,200	23,662 523	2,314,663	29,960	3,553,663	(16,075,570)	62 186,480
Net Assets (Deficit)										
Unrestricted	12,623,655	12,540,217	2,817,167	7,910,427	7,048,234	2,870,654	(4,231)	864,392	-	46,670,515
Temporarily restricted	-	-	747,665	-	-	-	-	-	-	747,665
Permanently restricted	-	-	1,994,823	-	-	-	-	-	-	1 994 823
Total net assets (deficit)	12,623,655	12,540,217	5,559,655	7,910,427	7,048,234	2,870,654	(4,231)	864,392	-	49,413,003
Total liabilities and net assets (deficit)	$ 31 952,643	$ 19 200,844	$ 22,515,081	$ 13,666,627	$ 30,710,757	$ 5,185,317	$ 25,729	$ 4,418,055	$ (16,075,570)	$ 111 599 483

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2010
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc.	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues										
Net patient service revenues	$ 35,798,219	$ 34,676,323	$ -	$ 31,739,179	$ 16,774,950	$ -	$ 20,305	$ 2,169,231	$ -	$ 121,178,207
Pennsylvania nursing home assessment	-	-	-	1,350,715	-	-	-	-	-	1,350,715
Other revenues	1,373,367	542,834	428,300	97,486	45,653,919	916,000	-	40,810	(18,866,992)	30,185,724
Net assets released from restrictions	-	-	125,219	-	-	-	-	-	-	125,219
Total unrestricted revenues	37,171,586	35,219,157	553,519	33,187,380	62,428,869	916,000	20,305	2,210,041	(18,866,992)	152,839,865
Expenses										
Salaries, wages, and contract labor	17,226,715	18,622,119	233,904	15,667,656	36,481,256	-	11,409	749,346	-	88,992,405
Supplies and expenses	13,116,626	11,343,752	946,114	11,074,074	15,869,139	1,346,097	32,168	959,043	(18,866,992)	35,820,021
Employee benefits	3,390,337	3,504,188	151,119	3,369,054	5,972,514	-	2,101	183,734	-	16,573,047
Depreciation and amortization	898,788	681,167	98,895	707,055	2,464,616	-	-	181,681	-	5,032,202
Interest expense	765,535	143,648	24,316	149,476	260,813	-	-	164,019	-	1,507,807
Pennsylvania nursing home assessment	-	-	-	384,035	-	-	-	-	-	384,035
Provision for doubtful collections	153,000	117,000	-	1,071,905	155,946	-	-	600	-	1,498,451
Total expenses	35,551,001	34,411,874	1,454,348	32,423,255	61,204,284	1,346,097	45,678	2,238,423	(18,866,992)	149,807,968
Operating income (loss)	1,620,585	807,283	(900,829)	764,125	1,224,585	(430,097)	(25,373)	(28,382)	-	3,031,897
Investment Income (Loss)	479,025	115,993	1,307,044	(35,906)	13,308	340,385	(3)	2,489	-	2,222,335
Revenues in excess of (less than) expenses	2,099,610	923,276	406,215	728,219	1,237,893	(89,712)	(25,376)	(25,893)	-	5,254,232
Pension Liability Adjustment	-	-	(4,092,206)	-	-	-	-	-	-	(4,092,206)
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	-	438,494	-	-	-	-	-	-	438,494
Transfers (to) from Affiliates	(6,729,612)	(1,567,073)	(8,313,190)	19,401,855	(2,791,980)	-	-	-	-	-
Change in unrestricted net assets (deficit)	$ (4,630,002)	$ (643,797)	$ (11,560,687)	$ 20,130,074	$ (1,554,087)	$ (89,712)	$ (25,376)	$ (25,893)	$ -	$ 1,600,520

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Statement of Changes in Net Assets (Deficit)
Year Ended June 30, 2010
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidated
Unrestricted Net Assets (Deficit)										
Revenues in excess of (less than) expenses	$ 2,099,610	$ 923,276	$ 406,215	$ 728,219	$ 1,237,893	$ (89,712)	$ (25,376)	$ (25,893)	$ -	$ 5,254,232
Pension liability adjustment	-	-	(4,092,206)	-	-	-	-	-	-	(4,092,206)
Net assets released from restrictions for purchase of property and equipment	-	-	438,494	-	-	-	-	-	-	438,494
Transfers (to) from affiliates	(6,729,612)	(1,567,073)	(8,313,190)	19,401,855	(2,791,980)	-	-	-	-	-
Change in unrestricted net assets (deficit)	(4,630,002)	(643,797)	(11,560,687)	20,130,074	(1,554,087)	(89,712)	(25,376)	(25,893)	-	1,600,520
Temporarily Restricted Net Assets										
Contributions	-	-	1,040,834	-	-	-	-	-	-	1,040,834
Investment income	-	-	12,810	-	-	-	-	-	-	12,810
Net assets released from restrictions for										
Operations	-	-	(125,219)	-	-	-	-	-	-	(125,219)
Purchase of property and equipment	-	-	(438,494)	-	-	-	-	-	-	(438,494)
Increase in temporarily restricted net assets	-	-	489,931	-	-	-	-	-	-	489,931
Increase in Permanently Restricted Net Assets										
Contributions and investment income	-	-	76,679	-	-	-	-	-	-	76,679
Change in net assets (deficit)	(4,630,002)	(643,797)	(10,994,077)	20,130,074	(1,554,087)	(89,712)	(25,376)	(25,893)	-	2,167,130
Net Assets (Deficit), Beginning	17,253,657	13,184,014	16,553,732	(12,219,647)	8,602,321	2,960,366	21,145	890,285	-	47,245,873
Net Assets (Deficit), Ending	$ 12,623,655	$ 12,540,217	$ 5,559,655	$ 7,910,427	$ 7,048,234	$ 2,870,654	$ (4,231)	$ 864,392	$ -	$ 49,413,003

Allied Services Foundation and Controlled Entities

Combining Schedule - Allied Health Care Services Balance Sheet
June 30, 2010
(See Independent Auditors Report on Supplementary Information)

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Consolidation Eliminations	Consolidation Consolidated
Assets														
Current Assets														
Cash and cash equivalents	$ 1 337 367	$ 282 194	$ 201 373	$ 1 820 934	$ 314 463	$ 4 915	$ 1,105 036	$ 383 110	$ 48 691	$ 720 687	$ -	$ -	$ -	$ 4 397 836
Restricted cash, resident funds	-	128 677	-	128 677	-	1,847	-	-	-	3,026	-	-	-	133 550
Accounts receivable (net of estimated allowance for doubtful collections of $220,000)	588 701	870 886	125 261	1 584 848	59 547	59	536 339	1 826 814	451,595	-	5,817	244 258	-	4 709 277
Intercompany receivables, net	561,325	225 226	297	786 848	2 955,071	-	170 070	90 914	45,748	34,191	-	377 352	(992 530)	3 467,664
Estimated third-party payor settlements	-	-	11 483	11,483	-	-	-	-	-	-	-	-	-	11,483
Inventories	181 649	4 369	5 856	191 874	17 358	-	-	-	-	-	-	479 667	-	688 899
Prepaid expenses and other current assets	51,011	962	10,700	62,673	757,792	1,762	5,541	1,800	23,040	18,980	6,799	450,000	-	1,328,387
Total current assets	2 720 053	1 512,314	354 970	4 587 337	4 104,231	8,583	1,816 986	2 302 638	569,074	776,884	12,616	1,551 277	(992,530)	14 737 096
Assets Whose Use Is Limited	-	-	-	-	1 026 009	63 326	-	-	-	-	-	-	-	1 089 335
Investments	-	-	-	-	558 803	-	-	-	-	-	-	-	-	558,803
Property and Equipment, Net	579 651	735,523	617 884	1 933 058	5 599 478	97 169	73 693	-	452,105	1 738,636	4 125 835	288 999	-	14 308 973
Deferred Financing Costs, Net	-	-	-	-	16 550	-	-	-	-	-	-	-	-	16 550
Total assets	$ 3,299,704	$ 2,247,837	$ 972,854	$ 6,520,395	$ 11,305,071	$ 169,078	$ 1,890,679	$ 2,302 638	$ 1,021,179	$ 2,515,520	$ 4,138,451	$ 1,840,276	$ (992,530)	$ 30,710,757
Liabilities and Net Assets (Deficit)														
Current Liabilities														
Current maturities of long-term debt	$ -	$ 14 254	$ 8 400	$ 22,654	$ 248 210	$ 4,389	$ -	$ -	$ 10 866	$ 78 626	$ 158 588	$ -	$ -	$ 523 333
Accounts payable and accrued expenses	104,813	75 659	35 603	216 075	943 516	3,547	240	429 320	26 418	32,351	155,983	4,457	-	1,811,907
Estimated third-party payor settlements	-	336 788	-	336 788	-	-	-	-	7 032	-	-	-	-	343,820
Amounts due to affiliates for working caprtal	-	360,326	-	360 326	1 872 125	-	-	-	-	2 771 655	2 145 787	2 178 241	-	9 328 134
Intercompany payables, net	122 036	416 680	11,396	550 112	53 266	34 643	85 061	174 354	109 000	26 626	4 870	35 536	(992 530)	80 938
Accrued workers' compensation	-	-	-	-	1 375 000	-	-	-	-	-	-	-	-	1,375 000
Accrued payroll and related liabilities	434 134	505 679	85,729	1,025,542	1 070,731	-	329,590	152 806	126,163	-	-	128 429	-	2,833,261
Accrued interest	-	-	-	-	-	1,024	-	-	-	-	-	-	-	1,024
Resident funds	-	128,677	-	128,677	-	1,847	-	-	-	3,026	-	-	-	133,550
Total current liabilities	660 983	1 838 063	141 128	2,640,174	5 562 848	45 450	414 891	756 480	279,479	2 912 284	2 465 228	2 346 663	(992,530)	16 430 967
Long-Term Debt														
Mortgages and notes payable	-	122 722	-	122,722	3,003 082	128 513	-	-	72 846	737 033	27,311	-	-	4 091,507
Workers' Compensation	-	-	-	-	3 140 049	-	-	-	-	-	-	-	-	3 140 049
Total liabilities	660 983	1 960,785	141,128	2,762,896	11 705 979	173,963	414,891	756,480	352,325	3 649 317	2 492 539	2,346 663	(992,530)	23,662 523
Net Assets (Deficit)														
Unrestricted	2,638,721	287,052	831,726	3,757,499	(400,908)	(4,885)	1,475 788	1,546,158	668,854	(1,133,797)	1,645,912	(506,387)	-	7,048,234
Total liabilities and net assets (deficit)	$ 3,299,704	$ 2,247,837	$ 972,854	$ 6,520,395	$ 11,305,071	$ 169,078	$ 1,890,679	$ 2,302,638	$ 1,021,179	$ 2,515,520	$ 4,138,451	$ 1,840,276	$ (992,530)	$ 30,710,757

Allied Services Foundation and Controlled Entities

Combining Schedule - Allied Health Care Services Statement of Operations
Year Ended June 30 2010
(See Independent Auditors Report on Supplementary Information)

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Housing Management	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues															
Net patient service revenues	$ -	$ 11 878 555	$ -	$ 11 878 555	$ -	$ -	$ 4 896 395	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16 774 950
Other revenues	8 107,645	115,443	1,911,502	10,134,590	17,069,427	55,611	1,419	12,622,992	3,029 063	501,149	994,619	7,819 178	-	(6,574 129)	45 653 919
Total unrestricted revenues	8,107,645	11,993,998	1,911,502	22,013 145	17 069,427	55,611	4,897 814	12,622,992	3,029,063	501,149	994,619	7,819,178	-	(6,574,129)	62,428,869
Expenses															
Salaries and wages	4 337 101	5 749 975	1 099 199	11 186,275	8 835 688	5 724	2,996 315	10 457 590	1 490 069	923	-	1 508 672	-	-	36 481,256
Supplies and expenses	2,533 578	4 967 774	562,373	8 063 725	4 862,122	40 874	885 993	1 107 656	1 022,702	323 139	336 981	5 800 076	-	(6 574 129)	15 869 139
Employee benefits	764 511	1 142,619	221,225	2,128 355	1 908 236	438	745 501	567 656	417 911	71	-	204 346	-	-	5 972,514
Depreciation and amortization	158 145	126 864	46 928	331 937	1 537 385	5 365	20 112	-	86 356	95 489	297 115	90 857	-	-	2,464 616
Interest expense	-	13 112	(820)	12,292	170 733	12,486	-	-	6 323	45 627	13 372	-	-	-	260 813
Provision for doubtful collections	-	-	-	-	-	-	-	74,512	10,313	-	-	71,121	-	-	155,946
Total expenses	7,793 335	12,000,344	1,928,905	21,722,584	17,314,164	64,867	4,647,921	12,207,414	3,033,674	465,249	647,468	7,675,072	-	(6,574,129)	61,204,284
Operating income (loss)	314 310	(6 346)	(17 403)	290 561	(244 737)	(9,256)	249 893	415 578	(4 611)	35 900	347 151	144 106	-	-	1 224 585
Investment Income (Loss)	6 828	2,296	76	9 200	36 717	284	20 845	2,668	501	(16 898)	(20 606)	(19 403)	-		13 308
Revenues in excess of (less than) expenses	321 138	(4 050)	(17 327)	299 761	(208 020)	(8 972)	270 738	418 246	(4 110)	19 002	326 545	124 703	-	-	1 237 893
Transfers from (to) Affiliates	-	-	-	-	208 020	-	(3 000 000)	-	-	758 047	-	-	(758 047)	-	(2,791 980)
Change in unrestricted net assets (deficit)	$ 321,138	$ (4,050)	$ (17,327)	$ 299,761	$ -	$ (8,972)	$ (2,729,262)	$ 418,246	$ (4,110)	$ 777,049	$ 326,545	$ 124,703	$ (758,047)	$ -	$ (1,554,087)