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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
Genesys Regional Medical Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
One Genesys Parkway

City or town, state or country, and ZIP + 4
Grand Blanc, MI 484398065

D Employer identification number
38-2377821

E Telephone number
(810)603-8995

G Gross receipts $ 450,667,185

F Name and address of principal officer
Karen Aldridge-Eason
One Genesys Parkway
Grand Blanc, MI 484398065

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 ▶ 0928

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

J Website: ▶ www genesys org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1997 | **M** State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provides patient/emergency services and medical/patient education programs to the community

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**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	3,718
6	Total number of volunteers (estimate if necessary)	**6**	607
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,400,589
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-9,977

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	779,257	1,127,798
	9 Program service revenue (Part VIII, line 2g)	439,485,893	427,838,545
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10,165,876	16,019,805
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,427,806	2,533,902
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	452,858,832	447,520,050
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	612,911	20,081,536
	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)	221,275,174	223,252,126
	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)	219,466,004	205,597,712
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	441,354,089	448,931,374
	19 Revenue less expenses Subtract line 18 from line 12	11,504,743	-1,411,324

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	396,927,960	416,031,316
	21 Total liabilities (Part X, line 26)	430,132,061	364,180,097
	22 Net assets or fund balances Subtract line 21 from line 20	-33,204,101	51,851,219

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 — Date: 2012-05-14

Christopher Palazzolo CFO - Genesys Health System
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Matthew Montgomery	Matthew Montgomery		☐	

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶

Firm's address ▶ 250 East Fifth Street Suite 1900
Cincinnati, OH 45202 — Phone no ▶ (513) 784-7100

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

Genesys Regional Medical Center (GRMC) is a 441 licensed bed hospital which includes a level II emergency trauma center The mission values guiding GRMC are Service of the Poor, Reverence, Integrity, Wisdom, Creativity, and Dedication GRMC provides essential healthcare services such as inpatient, outpatient, emergency services, along with a medical education program and patient education program that serve the general community

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 $ 354,240,525 including grants of $ 20,081,536) (Revenue $ 412,791,774)

Hospital Net Patient Service Revenue - Hospital Net Patient Service Revenue - GRMC has 441 licensed beds (378 acute, 32 rehabilitation, and 31 bassinets) which resulted in providing 105,408 patient days of care, 22,059 patient discharges, which equaled a 70 4% occupancy percentage In addition, GRMC had 2,385 deliveries, 70,015 emergency visits which included both the East and West Flint campuses, the hospital has 23 surgery suites which totalled 17,328 surgeries (both I/P & O/P), and 303 Open Heart procedures

4b (Code) (Expenses $ 21,539,606 including grants of $) (Revenue $ 13,920,486)

Medical Education Program - the program included the following specialties along with the associated number of Residents/Interns Traditional Internship (10), Dermatology (3), Emergency Medicine (28), ENT (5), Family Practice (39), General Surgery (18), Internal Medicine (30), OB/GYN (12), Orthopedic Surgery (15), Opthamology (3), Radiology (12), Fellowships Gastroenterology (4), Hematology/Oncology (3), and Pulmonary/Critical Care (4) This resulted in 139 full-time Resident/Intern equivalents

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** ▶ $ 375,780,131

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	Yes	
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	Yes	
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	Yes	
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	Yes	
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	Yes	
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**	Yes	
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**	Yes	
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**	Yes	
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**	Yes	
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**	233		
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**	
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**	3,718		
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**	Yes
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes
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**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
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	Yes	
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	Yes	
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		No

Section C. Disclosure

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

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 ▶

Randy Kummler
5445 Ali Drive
Grand Blanc, MI 484395193
(810) 603-8995

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) Karen Aldridge-Eason Chairperson	50	X		X				0	0	0
(2) Jeffrey Tippett Vice Chairperson	50	X		X				0	0	0
(3) John Anderson Secretary	50	X		X				0	0	0
(4) Joyce Bolo Treasurer	50	X		X				0	0	0
(5) Anita Abrol Trustee	50	X						0	0	0
(6) Norman Burrell Trustee	50	X						0	0	0
(7) Sr Betty Granger Trustee	50	X						0	0	0
(8) Dara Headrick DO Sch O Trustee	50 00	X						129,950	0	28,715
(9) Wendy Johnson Trustee	50	X						0	0	0
(10) James Kure MD Trustee	50	X						0	0	0
(11) Mark Piper Trustee	50	X						0	0	0
(12) Kenneth Steibel MD Sch O Trustee	50 00	X						213,254	0	34,891
(13) Kevin Williams Trustee	50	X						0	0	0
(14) Mark Taylor end 0111 Trustee, GHS Pres & CEO(Sch O)	50 00	X		X				1,023,190	0	25,089
(15) Elizabeth Aderholdt start 0211 Trustee, GHS Pres & CEO(Sch O)	50 00	X		X				441,570	0	103,376
(16) Christopher Palazzolo Sch O GHS CFO (end 4/11), GHS COO	50 00			X				403,954	0	68,870

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			
(17) Nancy Haywood start 0511 GHS Chief Financial Officer (Sch O)	50 00			X				164,866	0	35,478
(18) James Bonnette MD end 0311 Chief Medical Officer	50 00				X			381,254	0	78,190
(19) Tamara Saunaitis End 0311 VP of Human Resources	50 00				X			230,162	0	32,875
(20) Joy Finkenbiner VP Prof & Support Srvcs	50 00				X			166,111	0	21,868
(21) Jennifer Montgomery End 0211 VP of Nurs/CNO	50 00				X			200,763	0	21,814
(22) Charles Husson DO start 0601 VP of Patient Safety/Reliability	50 00				X			187,383	0	16,201
(23) Nick Buttar MD Physician	50 00					X		425,939	0	38,780
(24) Linda Hotchkiss MD Chief Learning Officer	50 00					X		344,434	0	21,669
(25) Charles Rollison DO Physician	50 00					X		321,320	0	31,565
(26) James Lindemulder DO Physician	50 00					X		257,500	0	39,080
(27) Kenneth Yokosawa MD Physician	50 00					X		242,648	0	39,396
(28) Pam Cislo VP of Nursing/CNO	50 00						X	169,876	0	29,217
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								5,304,174	0	667,074

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 ▶ 118

			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	Yes	
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
Great Lakes Anesthesia Assoc PC 2432 Genesys Parkway Grand Blanc, MI 48439	Anesthesia Services	8,077,375
Genesee Medical Imaging PC 2325 Stonebridge Dr Flint, MI 48532	Radiology Services	2,571,675
Candescent Healing 32 Elm Place Rye, NY 10580	Wound Care Services	2,449,028
Genesys PHO LLC 307 E Court St Flint, MI 48502	Mgmnt Services - Contracting	1,385,236
Hall Render William Heath PC 39778 Treasury Center Chicago, IL 60694	Legal Services	1,020,550

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 ▶ 35

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	1,085,044			
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	42,754			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		1,127,798			
Program Service Revenue		Business Code				
	2a Net Patient Revenue	621990	412,095,835	410,969,550	1,126,285	
	b Medical Education	611710	13,920,486	13,920,486		
	c Rental Income	532000	1,339,848	1,339,848		
	d Investment - JV'S	900003	482,376	482,376		
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		427,838,545			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		13,132,327			13,132,327
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					

		(i) Real	(ii) Personal				
	6a Gross Rents	211,511					
	b Less rental expenses	201,438					
	c Rental income or (loss)	10,073					
	d Net rental income or (loss) . . . . . ▶			10,073		10,073	

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	2,851,095	2,982,080				
	b Less cost or other basis and sales expenses		2,945,697				
	c Gain or (loss)	2,851,095	36,383				
	d Net gain or (loss) . . . . . ▶			2,887,478			2,887,478
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		722210	1,800,863			1,800,863
	b Telephone & TV Income		517000	135,145			135,145
	c Vending Machine Income		900099	86,219			86,219
	d All other revenue			501,602		264,231	237,371
	e **Total.** Add lines 11a–11d . . . . . ▶			2,523,829			
	12 **Total revenue.** See Instructions . . . ▶			447,520,050	426,712,260	1,400,589	18,279,403

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	20,081,536	20,081,536		
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	3,461,115	316,997	3,144,118	
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	173,286,578	154,807,136	18,479,442	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	16,229,343	14,517,539	1,711,804	
9	Other employee benefits	20,020,811	17,909,099	2,111,712	
10	Payroll taxes	10,254,279	9,172,700	1,081,579	
a	Fees for services (non-employees) Management	4,473,929		4,473,929	
b	Legal	1,122,060		1,122,060	
c	Accounting	631,149		631,149	
d	Lobbying				
e	Professional fundraising services *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	25,834,176	21,590,497	4,243,679	
12	Advertising and promotion	1,492,025	99,671	1,392,354	
13	Office expenses	8,427,253	5,917,675	2,509,578	
14	Information technology	17,963,517	5,927,961	12,035,556	
15	Royalties . .				
16	Occupancy	16,507,074	14,810,823	1,696,251	
17	Travel	46,773	17,396	29,377	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	396,648	215,750	180,898	
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	9,246,267	8,321,640	924,627	
23	Insurance	2,391,650	1,870,810	520,840	
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	Med/Surg Supplies	50,297,665	50,243,742	53,923	0
b	Purchased Services	20,845,754	10,988,753	9,857,001	0
c	Bad Debts	14,744,087	14,744,087	0	0
d	Patient Drug Costs	11,572,487	11,572,487	0	0
e	Allocated S & W/Benefit	5,310,449	5,065,109	245,340	0
f	All other expenses	14,294,749	7,588,723	6,706,026	
25	**Total functional expenses.** Add lines 1 through 24f	448,931,374	375,780,131	73,151,243	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		554,427	1	395,056
	2	Savings and temporary cash investments		140,472,529	2	121,528,677
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		36,645,077	4	46,647,810
	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		6,901,603	7	3,213,884
	8	Inventories for sale or use		5,355,781	8	4,690,902
	9	Prepaid expenses and deferred charges		4,121,951	9	14,669,064
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 362,258,706			
	b	Less accumulated depreciation	10b 199,252,961	168,783,828	10c	163,005,745
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		27,949,798	12	37,311,650
	13	Investments—program-related See Part IV, line 11		631,393	13	452,779
	14	Intangible assets			14	2,073,549
	15	Other assets See Part IV, line 11		5,511,573	15	22,042,200
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		396,927,960	16	416,031,316
Liabilities	17	Accounts payable and accrued expenses		37,387,073	17	38,762,230
	18	Grants payable			18	
	19	Deferred revenue		1,315,515	19	1,319,479
	20	Tax-exempt bond liabilities			20	
	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		391,429,473	25	324,098,388
	26	**Total liabilities.** Add lines 17 through 25		430,132,061	26	364,180,097
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		-33,204,101	27	51,851,219
	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		-33,204,101	33	51,851,219
	34	Total liabilities and net assets/fund balances		396,927,960	34	416,031,316

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	447,520,050
2	Total expenses (must equal Part IX, column (A), line 25)	2	448,931,374
3	Revenue less expenses Subtract line 2 from line 1	3	-1,411,324
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	-33,204,101
5	Other changes in net assets or fund balances (explain in Schedule O)	5	86,466,644
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	51,851,219

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		No
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		

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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
Genesys Regional Medical Center

Employer identification number
38-2377821

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).

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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
Genesys Regional Medical Center

Employer identification number
38-2377821

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	3,342,601	3,132,669	3,646,048		
b Contributions	104,217	63,150	128,971		
c Investment earnings or losses	190,837	279,884	-286,054		
d Grants or scholarships	9,000	17,540	24,262		
e Other expenditures for facilities and programs	1,829,744	115,562	332,034		
f Administrative expenses					
g End of year balance	1,798,911	3,342,601	3,132,669		

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

- a Board designated or quasi-endowment ▶ 42 000 %
- b Permanent endowment ▶ 26 000 %
- c Term endowment ▶ 32 000 %

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

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		6,695,620		6,695,620
b Buildings		218,553,194	79,089,635	139,463,559
c Leasehold improvements				
d Equipment		126,848,124	117,148,154	9,699,970
e Other		10,161,768	3,015,172	7,146,596
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				163,005,745

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		
(3) Other		
(A) Pension Prefunding	27,161,765	F
(B) Funded Depreciation	9,816,664	F
(C) Investment Property (idle Land)	326,610	F
(D) Base of Pyramid	6,611	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	37,311,650	

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
(1) IRS Receiv - Med Education FICA Refund	10,670,965
(2) Due from Affiliates	4,177,983
(3) Deferred Executive Compensation Asset	3,115,857
(4) Receivable - Accretive	1,861,488
(5) Receivable - Caymich	731,211
(6) Investment Guarantee - Foundation	288,857
(7) Assets Held for Sale	203,844
(8) Other	991,995
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	22,042,200

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Intercompany Debt to Ascension Health	297,703,007
Third Party Liabilities	10,968,000
Med Education FICA Refund Payable	7,042,916
Professional Liability	6,094,431
Deferred Compensation	1,125,191
A/R Credit Balances	903,517
Other	261,326
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	324,098,388

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 Intended Use of Endowment Funds	Part V, Line 4	The endowments are used of both and medical educational (scholarship) purposes
Description of Uncertain Tax Positions Under FIN 48	Part X	From the consolidated audited financial statements of Genesys Health System and Affiliates (which include Genesys Regional Medical Center) Genesys Health System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return

Additional Data

Software ID:
Software Version:
EIN: 38-2377821
Name: Genesys Regional Medical Center

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
IRS Receiv - Med Education FICA Refund	10,670,965
Due from Affiliates	4,177,983
Deferred Executive Compensation Asset	3,115,857
Receivable - Accretive	1,861,488
Receivable - Caymich	731,211
Investment Guarantee - Foundation	288,857
Assets Held for Sale	203,844
Other	991,995

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Genesys Regional Medical Center

Employer identification number
38-2377821

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
East Asia and the Pacific	0	3	Program services	Medical Education training	119,670
3a Sub-total	0	3			119,670
b Total from continuation sheets to Part I	0	0			0
c **Totals** (add lines 3a and 3b)	0	3			119,670

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☐ Yes	☑ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☐ Yes	☑ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Additional Data

Software ID:
Software Version:
EIN: 38-2377821
Name: Genesys Regional Medical Center

Part V **Supplemental Information**

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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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
Genesys Regional Medical Center

Employer identification number
38-2377821

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 **250.000000000000 %**	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)			4,866,081		4,866,081	1 120 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			43,849,030	31,856,937	11,992,093	2 760 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			7,652,851	1,461,249	6,191,602	1 430 %
d **Total** Financial Assistance and Means-Tested Government Programs			56,367,962	33,318,186	23,049,776	5 310 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	9		139,699	6,390	133,309	0 030 %
f Health professions education (from Worksheet 5)			27,930,522	12,699,009	15,231,513	3 510 %
g Subsidized health services (from Worksheet 6)	2		211,421		211,421	0 050 %
h Research (from Worksheet 7)	2		178,181		178,181	0 040 %
i Cash and in-kind contributions to community groups (from Worksheet 8)	2		261,144		261,144	0 060 %
j **Total** Other Benefits	15		28,720,967	12,705,399	16,015,568	3 690 %
k **Total.** Add lines 7d and 7j	15		85,088,929	46,023,585	39,065,344	9 000 %

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	2		1,785		1,785	0 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	2		2,108		2,108	0 %
7 Community health improvement advocacy	4		17,792		17,792	0 %
8 Workforce development						
9 Other						
10 **Total**	8		21,685		21,685	

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 Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	5,059,522		
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	1,314,851		
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	198,482,468
6	Enter Medicare allowable costs of care relating to payments on line 5	6	188,513,309
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	9,969,159
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		No

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	1 Genesys Surgical Services Co-Management Company	Surgical Clinical Service Line	50 000 %		50 000 %
2	2 Genesys Cardiovascular Co-Management Company	Cardiovascular Clinical Service Line	50 000 %		50 000 %
3	3 Genesys OrthoNeuro Co-Management Company	Ortho/Neuro Clinical Service Line	50 000 %		50 000 %
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	Genesys Regional Medical Center One Genesys Parkway Grand Blanc, MI 484398065	X	X		X		X	X	X	

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? **7**

	Name and address	Type of Facility (Describe)
1	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
2	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
3	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
4	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
5	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
6	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
7	GRMC Satellite OP Physical Therapy Svcs 600 Health Park Blvd Suite C Grand Blanc, MI 48439	Outpatient Physical Therapy Services
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 A cost-to-charge ratio was used to calculate the figures within Part I, Line 7 Charity Care and Other Community Benefits at Cost Specifically, the cost-to-charge ratio was based upon total costs, less the following bad debt, other operating revenue, community health improvemment costs, and "other" program costs for the poor

Identifier	ReturnReference	Explanation
		Part I, Line 7g The costs included within the subsidized health services relate to EMS (Emergency Medical Services) and the DLC (Diabetes Learning Center), not a physician clinic

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt expense reported on Form 990, Part IX, Line 25, column (A), but subtracted for purposes of calculating the percentages in Part I, Line 7, column (f) is $14,744,087

Identifier	ReturnReference	Explanation
		Part III, Line 4 The provision for bad debts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, established guidelines are followed and the accounts receivable is written off A cost to charge ratio (excluding bad debt costs) was used to determine the amounts in questions #2 & 3

Identifier	ReturnReference	Explanation
		Part III, Line 9b GHS (GRMC) has both a debt collection policy and a charity care policy If an individual qualified for charity care and was not granted such relief, the individual would then be subject to the normal collection procedures within the debt collection policy A distinction is not made with respect to collection procedures within the debt collection policy for individuals that qualify for charity care

Identifier	ReturnReference	Explanation
		Part VI, Line 2 For Genesee County, a community needs assessment is conducted with the assistance of outside experts in conjunction with other area hospitals and various key stakeholders throughout the community The community based needs assessment process is lead by the Greater Flint Health Coalition (GFHC), of which Genesys Health System (GHS) is an active member The Greater Flint Health Coalition is a 501(c)3 designated non-profit healthcare coalition - a true partnership between healthcare providers and purchasers, consumers and committed citizens, government leaders, insurers, educators and all those concerned about the well-being of our community and its residents Its mission is to improve the health status of Genesee County residents and to improve the quality and cost effectiveness of the health care delivery system It is both a community/institutional partnership and multifaceted collaboration, with a board that is a broad reflection of the community's leadership-including government, hospitals, labor, business, insurers, physicians, education, consumers and the faith-based community Matching the community's needs, the Coalition's vision is a healthy Genesee County community practicing healthy lifestyles with access to the best and most cost effective health and medical care Since its inception, the GFHC has served the community by reaching out to those with diverse experiences and perspectives to address common health issues in order to find solutions to our area's most pressing health dilemmas Through the power of partnership, consensus, collaboration, fairness, integrity, continuous improvement, innovation, and public participation, the GFHC has become a neutral table in which cutting edge initiatives related to healthcare access, quality, cost, and health improvement can be addressed to improve our community's health status The GFHC Board and various Committees review these findings and together, develop strategies to improve the indicators by recommending a county wide plan of action Genesys Health System has representation on this coalition by designating GHS executives to serve on the GFHC Board of Directors, Access Committee, Cost and Resource Planning Committee and Flint Healthcare Employment Opportunity Committee The most recent comprehensive needs assessment for Genesee County was published in spring of 2010 The assessment is updated on an annual basis - the GFHC partners are asked to submit current data and the GFHC consolidates the information into the plan revisions Data sources used to publish this report include Blue Cross Blue Shield of Michigan, Blue Care Network, HealthPlus, Genesee County Health Dept, Genesee County Mental Health, Genesee County Medical Society, Genesys Health System, McLaren Regional Medical Center, Hurley Medical Center, Genesee Health Plan, UAW-GM, Michigan Department of Community Health, US Census Bureau, US Department of Labor, Genesee Intermediate School District, US Department of Housing and Urban Development, US Dept of Justice, Michigan Hospital Association, and Health Resources and Service Administration Data Once the needs assessment findings are available, GHS utilizes Community Health Data to populate strategies that are aligned with 3 strategic planning horizons These horizons include Visionscape, a 25 year planning document, the Integrated Strategic Financial Operating Plan (ISFOP), a five year plan and a one year strategic plan that is integrated with the budget cycle Concurrently, the GHS Advocacy and Culture Committee of the Board provides oversight and guidance to the Genesys care of the poor and community benefit planning They achieve this by identifying and prioritizing community health needs and establishes the role of GHS in addressing those needs and the impact on our associates, patients, physicians, volunteers and the community The Advocacy and Culture Committee supports the GHS Board of Trustees in achieving the GHS Mission, Vision and Values by providing oversight and guidance related to the organization's legislative advocacy, cultural transformation, patient experience, worklife community, care of the poor and community benefit, including the impact on our associates, patients, physicians, volunteers and community Plans and procedures for the next Community Needs Assessment are currently being developed for implementation in FY13 The Stakeholders are currently waiting for IRS final guidelines before finalizing the strategy

Identifier	ReturnReference	Explanation
		Part VI, Line 3 The Genesys Health System/Ascension Mission calls for Service of the Poor Identified are those patients who require financial assistance and to make sure the billing of their account reflects the level of financial assistance that is appropriate for their circumstance Financial Assistance procedures are located in the patient admission's handbook If a patient anticipates difficulty financing healthcare charges, a consultation regarding various payment options ensues Uninsured patients will receive an uninsured discount There are many programs available to assist patients with their health care needs, when options have been exhausted, a charity care program is available There are 3 steps to determine what discount a patient might be entitled to receive and how to communicate that information to the patient Whenever possible, this process is completed with the patient in person Step 1 - Conduct a Self pay screening interview Step 2 - Complete a Financial Assistance Application Step 3 - Determine and communicate the discountFor Emergency Department treatment and release patients, patient education of eligibility for financial assistance occurs at the time of discharge Patients with a scheduled procedure, this conversation occurs as part of the financial clearance process If the patient is an unscheduled patient, this conversation occurs when the patient's condition is stabilized and a reasonable estimate of the charges can be made For longer patient stays, sometimes it may be appropriate to communicate to the patient that they have qualified for the discount earlier in the visit to provide some comfort to the patient that they have qualified for financial assistance

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Genesee County (southeastern, Michigan) covers an area of 655 Square Miles, which includes 5 villages, 11 cities, and 17 townships According to the 2000 Census, Genesee County has a population of 436,141 people The fortunes of Genesee County have risen and fallen with the fortunes of the auto industry During 2010-2011, the economy was tenuous in the region and recovery will depend on the future of the US auto industry and efforts to diversify the state's unemployment base In 2009, the health ministry market's unemployment rate was 15 2% and in 2008 it was 10 3% More than 80% of Genesys patients reside in Genesee County 14 1% of the population in this county in uninsured Over 15% of Genesee County households survive on less than $15,000 annually With high levels of unemployment, Genesys expects to continue to serve an increasingly under/uninsured population

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Genesys Regional Medical Center (GRMC) engages in a variety of activities designed to improve the health of the community Based on the collaborative needs assessment led by the Greater Flint Health Coalition (GFHC) in 2010 and the County Health Rankings Report, it was determined that Genesee County ranked significantly poorer when compared to other counties in the state These rankings were based on health outcomes data, health factors, and true determinants of health For overall health outcomes, Genesee County ranked 78 of 82 counties (82 representing the poorest) For health factors, the county ranked 81 of 82 Improving these indicators in consistent with GRMC's mission, vision, and values GRMC supports multiple activities designed to improve community health status Acknowledging the county's population engages in unhealthy behaviors, GRMC participates in coalition building activities designed to collaborate efforts between healthcare providers, consumers, leaders and educators Such partnerships have been established through the GFHC and United Way of Genesee County In addition, GRMC participates in advocacy programs to safeguard and improve public health, particulaty those that are poor and vulnerable GRMC's leadership has representation on a multitude of advisory boards including GFHC, United Way, One Stop Housing Resource Center (housing placement assistance), Hamilton Community Health Network (FQHC), March of Dimes, Baker College, Genesee Health Plan (community sponsored health plan) and Safe Kids Coalition of Greater Flint In an effort to reduce unhealthy behaviors, GRMC provides community support to activities designed to increase healthy lifestyles Some include adopting a smoke free campus and smoking cessation support to employees and patients, Commit to Fit through the GFHC, Crim Festival of Races and participation in the American Cancer Society's Making Strides walk along with the American Heart Association's Heart Walk Furthermore, Genesys Healthworks (patient centered care) is leading the transformation of healthcare by creating a population based care (PBC) model to achieve the triple aim of improving health, patient experience, and reducing healthcare costs The distinguishing features of HealthWorks include focusing on healing rather than disease, promoting healing relationships with primary care physicians, utilizing Health Navigators to support patients and providers, integrating and aligning a coordinated network of providers working in teams and achieving outcomes based on the triple aim project

Identifier	ReturnReference	Explanation
		Part VI, Line 7 The Genesys Regional Medical Center ("GRMC") is part of Genesys Health System ("GHS"), which is a member of Ascension Health Ascension Health is a Catholic, national health system, consisting primarily of nonprofit corporations that own or operate local health care facilities, or Health Ministries, located in 20 of the Unites States and the District of Columbia Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St Vincent de Paul, the Congregation of St Joseph, and the Congregation of the Sisters of St Joseph of Carondelet All of the Health Ministries are related through common control Substantially all expenses of Ascension Health are related to providing health care services GRMC is a 410 bed hospital staffed by 2,860 full-time equivalents in FY 11 GRMC provides inpatient, outpatient, and emergency care services for the residents of Genesee County and other surrounding counties Admitting physicians are primarily practitioners in the local area Mission Ascension Health directs its governance and management activities toward strong, vibrant, Catholic health ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves In accordance with Ascension Health's mission of service to those who are poor and vulnerable, each Health Ministry accepts patients regardless of their ability to pay Ascension Health uses four categories to identify the resources utilized for the care of persons who are poor and community benefit programs - Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured -Unpaid cost of public programs represents the unpaid cost of services provided to persons covered by public programs for the poor - Cost of other programs for the poor includes unreimbursed costs of programs intentionally designed to serve the poor and vulnerable of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome -Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the poor, including health promotion and education, health clinics and screenings, and medical research Discounts are provided to all uninsured patients, including those with the means to pay Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons who are poor and community benefit programs The cost of providing care of persons who are poor and community benefit programs is estimated using internal cost data

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	MI

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Genesys Regional Medical Center

Employer identification number
38-2377821

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Genesys Ambulatory Health Services5445 Ali Dr Dept 200 Grand Blanc, MI 484395193	38-2871754	501(c)(3)	19,672,474				Capital Contribution
(2) Genesys Health FoundationOne Genesys Parkway Grand Blanc, MI 484398065	38-3591148	501(c)(3)	383,862				Support operations
(3) Free Medical Clinics of Michigan (Genesee County) 2437 Welch Boulevard Flint, MI 48504	38-2995700	501(c)(3)	10,500				Support Operations
(4) Arthritis Foundation (Michigan Chapter)1050 Wilshire Drive Suite 302 Troy, MI 48084	38-1366904	501(c)(3)	10,000				Sponsor - Flint Arthritis Walk

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 4

3 Enter total number of other organizations . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 Genesys Regional Medical Center generally requires an annual report (where applicable) for potential grant assistance In addition, a GRMC point person will normally attend a meeting at the entity or with an individual to help understand their needs Final approval for any assisatnce will come from the Office of the President Depending on the nature of the grant, a final report or substantiation of the grant assistance used, is required to be submitted back to the hospital

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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
Genesys Regional Medical Center

Employer identification number
38-2377821

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**	Yes	
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**	Yes	
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**	Yes	
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				
See Additional Data Table							
(2)							
(3)							
(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
	Part I, Line 1a	The Chief Medical Officer utilized first-class travel, the Genesys Health System Chief Executive Officer had fees paid for a social club In each of the aforementioned instances, written company policy along with any IRS tax requirements (where applicable) were followed
Supplemental Information	Part III	Part I, Line 3 Genesys Regional Medical Center relied on a related organization (Genesys Health System) that used one or more of the methods described below to establish the top management official's compensation -Compensation committee -Independent compensation consultant -Compensation survey or study -Approval by the board or compensation committee
Supplemental Information	Part III	Part I, Line 4b Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid to the executive is reported as compensation on Form 990, Part II, column B in the year paid Genesys Regional Medical Center contributed to the nonqualified supplemental retirement plan as follows James Bonnette - $54,065 Christopher Palazzolo - $29,745 Elizabeth Aderholdt - $75,465 Joy Finkenbiner - $18,709 Jennifer Montgomery - $22,453 Tammy Saunaitis - $15,440 Linda Hotchkiss M D - $31,607 The following individual received payment from the nonqualified supplemental retirement plan Mark Taylor - $21,182

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 38-2377821
Name: Genesys Regional Medical Center

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
Dara Headrick DO Sch O	(I)	128,680	0	1,270	11,940	16,775	158,665	0
	(II)	0	0	0	0	0	0	0
Kenneth Steibel MD Sch O	(I)	213,254	0	0	18,261	16,630	248,145	0
	(II)	0	0	0	0	0	0	0
Mark Taylor end 0111	(I)	478,672	529,815	14,703	11,842	13,247	1,048,279	0
	(II)	0	0	0	0	0	0	0
Elizabeth Aderholdt start 0211	(I)	431,709	0	9,861	90,165	13,211	544,946	0
	(II)	0	0	0	0	0	0	0
Christopher Palazzolo Sch O	(I)	403,180	0	774	52,095	16,775	472,824	0
	(II)	0	0	0	0	0	0	0
Nancy Haywood start 0511	(I)	164,596	0	270	15,059	20,419	200,344	0
	(II)	0	0	0	0	0	0	0
James Bonnette MD end 0311	(I)	380,480	0	774	61,415	16,775	459,444	0
	(II)	0	0	0	0	0	0	0
Tamara Saunaitis End 0311	(I)	229,892	0	270	14,025	18,850	263,037	0
	(II)	0	0	0	0	0	0	0
Joy Finkenbiner	(I)	165,841	0	270	15,319	6,549	187,979	0
	(II)	0	0	0	0	0	0	0
Jennifer Montgomery End 0211	(I)	200,663	0	100	18,481	3,333	222,577	0
	(II)	0	0	0	0	0	0	0
Charles Husson DO start 0601	(I)	187,383	0	0	16,201	0	203,584	0
	(II)	0	0	0	0	0	0	0
Nick Buttar MD	(I)	425,525	0	414	22,005	16,775	464,719	0
	(II)	0	0	0	0	0	0	0
Linda Hotchkiss MD	(I)	303,933	40,000	501	9,912	11,757	366,103	0
	(II)	0	0	0	0	0	0	0
Charles Rollison DO	(I)	295,220	0	26,100	21,978	9,587	352,885	0
	(II)	0	0	0	0	0	0	0
James Lindemulder DO	(I)	241,415	5,671	10,414	22,305	16,775	296,580	0
	(II)	0	0	0	0	0	0	0
Kenneth Yokosawa MD	(I)	210,438	10,546	21,664	18,558	20,838	282,044	0
	(II)	0	0	0	0	0	0	0
Pam Cislo	(I)	169,102	0	774	15,651	13,566	199,093	0
	(II)	0	0	0	0	0	0	0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Genesys Regional Medical Center

Employer identification number
38-2377821

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Kenneth Steibel MD	Trustee/Buss owned	152,076	See below		No
(2) James Kure MD	Trustee/Family MBR	76,918	See below		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule L, Part IV, Column D		The hospital paid to Dr Steibel's company rent payments for Outpatient Physical Therapy space along with additional space utilized for storage The hospital paid to the wife of a board member (James Kure M D) compensation for the position of Medical Director, Non-Invasive Cardiology Services
Schedule L, Part IV, Business Transactions Involving Interested Persons		All transactions reported on Part IV are reported as arms-length for fair market value

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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
Genesys Regional Medical Center

Employer identification number
38-2377821

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Genesys Regional Medical Center has a single corporate member, Genesys Health System

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		Genesys Regional Medical Center has a single corporate member, Genesys Health System, who has the ability to elect members to the governing body of the Genesys Regional Medical Center

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		All decisions that have a material impact to Genesys Regional Medical Center financial information or corporation as a whole are subject to approval by its sole corporate member, Genesys Health System

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		Management, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough manner Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Members questions

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the conflict of interest policy in that any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees considering the proposed transaction or arrangement The remaining individuals on the governing board or committee meeting will decide if conflicts of interest exist Each director, principal officer and member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the conflicts of interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purpose

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	In determining compensation of the organization's CEO, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The executive committee reviewed and approved the compensation In the review of the compensation, the CEO was compared to other organizations in the area that hold the same title During the review and approval of the compensation, documentation of the decision was recorded in Genesys Health System executive committee minutes Individual was not present when his compensation was decided Form 990, Part VI, Section B, Line 15b In determining compensation of other officers or key employees of the organization, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The executive committee reviewed and approved the compensation During the review and approval of the compensation, documentation of the decision was recorded in the executive committee minutes

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization will provide any documents open to public inspection upon request

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 12,892,647 Pension/Other Post Retirement Funding Status Adj 79,317,810 Equity Transfers (Related Parties) Ascension -5,473,300 Sponsors (Ascension Parent) -270,513 Total to Form 990, Part XI, Line 5 86,466,644

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A	The Genesys Health System board of directors has governance power for Genesys Regional Medical Center Therefore, the Genesys Health System board of directors is listed on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A	Mark Taylor (end 01/11), Elizabeth Aderholdt (start 02/11), Nancy Haywood (start 05/11), Christopher Palazzolo (end 04/11) and Tamara Saunaitis (end 03/11) provide services to Genesys Health System and its subsidiaries Hours are not tracked on an entity by entity basis Therefore, hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours worked per week for all entities Dara Headrick D O , receives her compensation for her role as a physician at Genesys Regional Medical Center, and not for her services as a board member at Genesys Regional Medical Center Kenneth Steibel, M D , receives his compensation for his role as Chief of Staff at Genesys Regional Medical Center, and not for his services as board member of Genesys Regional Medical Center

Identifier	Return Reference	Explanation
Explanation of Financial Statements	Form 990, Part XII, Line 2a & 2b	Genesys Regional Medical Center is included in the Consolidated Audited Financial Statements of Genesys Health System, Inc and Affiliates An Audit Committee has been delegated the responsibility to oversee the Audited Financial Statements and the selection of the independent accountants that audited the Financial Statements

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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
Genesys Regional Medical Center

Employer identification number
38-2377821

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
(1) Genesys Health Enterprises 3909 Beecher Rd Flint, MI48532 38-2536250	Medical Equipment	MI	N/A	C			
(2) Genesys Practice Partners 3943 Beecher Rd Flint, MI48532 03-0516871	Employed Phy Practice	MI	N/A	C			
(3) Beecher Ballenger Services One Genesys Parkway Grand Blanc, MI484398065 38-2497922	Holding Company	MI	N/A	C			

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	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
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	Yes	
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	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
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	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
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) See Additional Data Table			
(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: 38-2377821
Name: Genesys Regional Medical Center

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
Ascension Health PO Box 45998 St Louis, MO631453806 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
Genesys Health System One Genesys Parkway Grand Blanc, MI484398065 38-3339703	Health System Parent	MI	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
Center for Gerontology 3919 Beecher Road Flint, MI485323699 38-2514708	Adult Day Care	MI	Section 501(c)(3)	Schedule A, Line 11b	Genesys Ambulatory Health Services	Yes	
Genesys Ambulatory Health Services 5445 Ali Drive Dept 200 Grand Blanc, MI484395193 38-2371754	Hlth Srvcs/Staffing/Prop Mgmnt	MI	Section 501(c)(3)	Schedule A, Line 11b	Genesys Health System	Yes	
Genesys Convalescent Center 8481 Holly Road Grand Blanc, MI484391812 38-2317364	Convalescent Center	MI	Section 501(c)(3)	Schedule A, Line 3	Genesys Ambulatory Health Services	Yes	
Genesys Health Foundation One Genesys Parkway Grand Blanc, MI484398065 38-3591148	Foundation	MI	Section 501(c)(3)	Schedule A, Line 11b	Genesys Health System	Yes	
Genesys Home Health & Hospice 5445 Ali Drive Dept 500 600 Grand Blanc, MI484395195 38-2177968	Home Hlth/Hospice	MI	Section 501(c)(3)	Schedule A, Line 11b	Genesys Ambulatory Health Services	Yes	
Genesys Volunteers One Genesys Parkway Grand Blanc, MI484398065 38-1472646	GRMC Support	MI	Section 501(c)(3)	Schedule A, Line 11a	Genesys Health System	Yes	
Health Source Group 5445 Ali Drive Dept 200 Grand Blanc, MI484395193 38-2427678	Prg Related Investments	MI	Section 501(c)(3)	Schedule A, Line 11b	Genesys Health System	Yes	

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Genesys Practice Partners	A	182,668	Cash Transferred/Paid
(2)	Genesys Ambulatory Health Services	B	19,672,474	Cash Transferred/Paid
(3)	Genesys Health Foundation	B	383,862	Cash Transferred/Paid
(4)	Genesys Health Foundation	C	1,085,044	Cash Transferred/Paid
(5)	Genesys Practice Partners	I	182,668	Cost
(6)	Genesys Health Foundation	L	1,085,044	Cash Transferred/Paid
(7)	Genesys Home Health & Hospice	N	95,775	Cost
(8)	Genesys Convalescent Center	N	58,090	Cost
(9)	Ascension Health	O	21,803,954	Cost
(10)	Genesys Ambulatory Health Services	O	5,595,598	Cost
(11)	Genesys Convalescent Center	P	63,201	Cost
(12)	Genesys Home Health & Hospice	P	1,016,782	Cost
(13)	Center for Gerontology	P	143,443	Cost
(14)	Genesys Ambulatory Health Services	P	2,027,547	Cost
(15)	Genesys Health Enterprises	P	564,427	Cost
(16)	Genesys Health Foundation	P	1,017,168	Cost
(17)	Ascension Health	Q	22,943,729	Cost

CONSOLIDATED FINANCIAL STATEMENTS

Genesys Health System – Member of Ascension Health
Years Ended June 30, 2011 and 2010
With Reports of Independent Auditors

Genesys Health System

Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Contents

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Report of Independent Auditors

The Board of Trustees
Genesys Health System

We have audited the accompanying consolidated balance sheets of Genesys Health System (as identified in Note 1) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Genesys Health System'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Genesys Health System's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Genesys Health System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Ernst & Young LLP

September 16, 2011

Genesys Health System

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30	
	2011	**2010**
Assets		
Current assets:		
Cash and cash equivalents	**$ 20,006**	$ 17,280
Short-term investments	**500**	500
Accounts receivable, less allowances for uncollectible accounts ($33,069 and $44,959 in 2011 and 2010, respectively)	**47,226**	36,359
Estimated third-party payor settlements	**4,930**	5,630
Inventories	**5,559**	6,030
Assets held for sale	**506**	–
Other	**8,388**	7,089
Total current assets	**87,115**	72,888
Board-designated, other investments, and assets limited as to use	**187,268**	172,059
Total property and equipment, net	**166,359**	172,089
Other assets:		
Investment in unconsolidated entities	**12,217**	14,391
Notes and other receivables	**14,657**	4,444
Other	**15,356**	3,827
Total other assets	**42,230**	22,662
Total assets	**$ 482,972**	$ 439,698

See accompanying notes.

Genesys Health System

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30 2011	2010
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$ 2,407	$ 2,679
Accounts payable and accrued liabilities	45,690	46,848
Estimated third-party payor settlements, net	10,968	10,337
Current portion of self-insurance liabilities	2,743	2,355
Other	261	540
Total current liabilities	62,069	62,759
Noncurrent liabilities:		
Long-term debt	297,332	299,739
Self-insurance liabilities	3,655	4,067
Pension and other post retirement liabilities	69	68,661
Other	9,981	2,908
Total noncurrent liabilities	311,037	375,375
Total liabilities	373,106	438,134
Net assets:		
Unrestricted (deficit)	104,791	(2,092)
Temporarily restricted	4,553	2,966
Permanently restricted	522	690
Total net assets	109,866	1,564
Total liabilities and net assets	$ 482,972	$ 439,698

See accompanying notes.

Genesys Health System

Consolidated Statement of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30	
	2011	**2010**
Operating revenue		
Net patient service revenue	**$ 460,744**	$ 471,953
Capitation revenue	**113**	113
Other revenue	**14,371**	12,719
Income from unconsolidated entities	**2,275**	1,945
Net assets released from restrictions for operations	**365**	273
Total operating revenue	**477,868**	487,003
Operating expenses		
Salaries and wages	**204,587**	196,220
Employee benefits	**53,017**	58,668
Purchased services	**32,402**	33,704
Professional fees	**41,861**	36,677
Supplies	**69,424**	71,959
Insurance	**2,893**	4,674
Bad debts	**16,347**	32,994
Interest	**11,933**	9,283
Depreciation and amortization	**10,933**	11,743
Other	**31,173**	30,280
Total operating expenses before impairment, restructuring and nonrecurring	**474,570**	486,202
Income from operations before impairment, restructuring and nonrecurring	**3,298**	801
Impairment, restructuring and nonrecurring expenses	**(1,365)**	(686)
Income from operations	**1,933**	115
Nonoperating gains		
Investment return	**31,443**	19,970
Income from unconsolidated entities	**593**	236
Other	**147**	463
Total nonoperating gains, net	**32,183**	20,669
Excess of revenues over expenses and nonoperating gains	**$ 34,116**	$ 20,784

Continued on next page.

Genesys Health System

Consolidated Statement of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Year Ended June 30	
	2011	**2010**
Unrestricted net assets		
Excess of revenues over expenses and nonoperating gains	**$ 34,116**	$ 20,784
Pension and other postretirement liability adjustments	**79,318**	10,235
Transfers to sponsor and other affiliates, net	**(5,745)**	(4,262)
Net assets released from restrictions for property acquisitions	**768**	556
Other	**(1,574)**	263
Increase in unrestricted net assets	**106,883**	27,576
Temporarily restricted net assets		
Contributions and grants	**569**	897
Net change in unrealized gains/losses on investments	**240**	161
Investment return	**155**	91
Net assets released from restrictions	**(1,133)**	(829)
Other	**1,756**	253
Increase in temporarily restricted net assets	**1,587**	573
Permanently restricted net assets		
Contributions	**11**	13
Investment return	**1**	1
Other	**(180)**	–
(Decrease) increase in permanently restricted net assets	**(168)**	14
Increase in net assets	**108,302**	28,163
Net assets (deficit), beginning of the year	**1,564**	(26,599)
Net assets, end of the year	**$ 109,866**	$ 1,564

See accompanying notes.

Genesys Health System

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Years Ended June 30	
	2011	2010
Operating activities		
Increase in net assets	$ 108,302	$ 28,163
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	10,932	11,743
Provision for bad debts	16,347	32,994
Interest, dividends, and net gains on investments	(31,685)	(20,131)
Pension and other post-retirement liability adjustments	(79,318)	(10,235)
(Gain) loss on sale of assets, net	(36)	29
Impairment and non-recurring expenses	1,365	–
Transfers to sponsor and other affiliates, net	5,745	4,262
Restricted contributions, investment return, and other	1,543	(1,416)
(Increase) decrease in:		
Accounts receivable	(27,214)	(23,386)
Estimated third-party payor settlements receivable/payable, net	700	(1,492)
Inventories and other current assets	471	2,498
Other assets	(5,455)	(6,691)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(1,158)	89
Estimated third-party payor settlements payable, net	631	(7,477)
Self-insurance liabilities	(24)	(642)
Other current liabilities	(279)	284
Other noncurrent liabilities	17,524	1,766
Net cash provided by operating activities	18,391	10,358
Investing activities		
Property and equipment additions, net	(6,171)	(3,774)
Capital contribution to unconsolidated entities	(1,676)	–
Other investing activity	(1,705)	–
Net cash used in investing activities	(9,552)	(3,774)
Financing Activities		
Repayment of long-term debt	(2,679)	(3,290)
Transfers to sponsors and other affiliates, net	(5,746)	(4,262)
Restricted contributions, investment income, and other	2,312	1,416
Net cash used in financing activities	(6,113)	(6,136)
Net increase in cash and cash equivalents	2,726	448
Cash and cash equivalents at beginning of year	17,280	16,832
Cash and cash equivalents at end of year	$ 20,006	$ 17,280

See accompanying notes.

Genesys Health System

Notes to Consolidated Financial Statements
(Dollars in Thousands)

June 30, 2011

1. Organization and Mission

Organizational Structure

Genesys Health System (GHS) is a member of Ascension Health. Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of St. Joseph, and the Congregation of the Sisters of St. Joseph of Carondelet.

GHS, located primarily in Grand Blanc, Michigan, is a nonprofit healthcare organization. GHS is comprised of Genesys Regional Medical Center (GRMC), a nonprofit acute care hospital, along with a continuum of care of various healthcare entities. GRMC provides inpatient, outpatient, and emergency care services for the residents of Genesee County and other surrounding counties. Admitting physicians are primarily practitioners in the local area. GHS is related to Ascension Health's other sponsored organizations through common control. Substantially all expenses of Ascension Health are related to providing health care services.

Collective bargaining agreements cover approximately 70% of the labor force of GRMC. Employees covered by collective bargaining agreements and the respective contract expiration dates range from 2011 to 2014.

Mission

Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with Ascension Health's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay. Ascension Health uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

1. Organization and Mission (continued)

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs. The cost of providing care of persons living in poverty and community benefit programs is estimated using internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service (IRS).

The amount of traditional charity care provided, determined on the basis of cost, excluding the provision for bad debt expense, was approximately $5,087 and $2,850 for the years ended June 30, 2011 and 2010, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying other financial information.

(Dollars in Thousands)

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by GHS or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where GHS does not have operating control are recorded under the equity or cost method of accounting. For entities recorded under the equity method of accounting, the following reflects GHS's interest in unconsolidated entities in the consolidated balance sheets, as well as income or loss for such entities included in the consolidated excess of revenues over expenses and nonoperating gains in the consolidated statements of operations and changes in net assets:

	Investment Recorded in Consolidated Balance Sheets as of June 30		Effect on Consolidated Excess of Revenues Over Expenses and Nonoperating Gains for the Years Ended June 30	
	2011	2010	2011	2010
Flint Health System MRI	$ –	$ 3,456	$ (629)	$ 413
Genesys PHO	3,377	3,028	349	286
Genesys Hurley Cancer Institute	5,063	4,217	1,795	458
Clarkston Health Center	11	44	(128)	(93)
Clarkston Property Associates, LLC	(210)	(361)	-	(315)
Genesys MedSports Capital, LLC	2,867	2,720	593	551
Genesys Orthotics & Prosthetics	192	242	15	30
Center for Gastrointestinal Health at Health Park, LLC	563	414	397	542
Surgery Center at Health Park, LLP	(98)	–	(5)	(210)
Cardiovascular Co-Management Co., LLC	189	270	240	258
Ortho/Neuro Co-Management Co., LLC	65	79	81	32
Surgical Co-Management Co., LLC	198	282	160	229
	$ 12,217	$ 14,391	$ 2,868	$ 2,181

2. Significant Accounting Policies (continued)

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Carrying value of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments classified other than current assets and current liabilities are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less and certain highly liquid interest-bearing securities with maturities which may extend longer than three months but are convertible to cash within a one-month time period under the terms of the agreement with the investment manager.

Investments and Investment Return

GHS holds investments through the Health System Depository (the HSD), an investment pool of funds in which a limited number of nonprofit health care providers participate for purposes of establishing investment goals and monitoring performance under agreed-upon socially responsible investment guidelines. Investments are managed primarily by external investment managers within established investment guidelines. The value of GHS's investment in the HSD represents GHS's pro rata share of the HSD's investments held for participants. At June 30, 2011 and 2010, GHS's investment in the HSD was $200,404 and $182,226, respectively.

GHS also invests in equity and fixed income investments which are locally managed. Most of these funds are held in locally managed foundations where GHS has control over foundation assets. GHS reports both its investment in the HSD and in locally managed investments in the accompanying consolidated balance sheets based upon the long or short term nature of its investment and whether such investments are restricted by law or donors or designated for specific purposes by a governing body of Ascension Health.

2. Significant Accounting Policies (continued)

The HSD's assets required to be recorded at fair value are comprised of equity and various fixed income investments. The HSD also holds investments in hedge funds, private equity, and real estate funds, which are recorded under the equity method of accounting. In addition, the HSD participates in securities lending transactions whereby a portion of its investments is loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned.

Investment returns are comprised of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. All of GHS's investments, including its investment in the HSD, are designated as trading investments. Accordingly, all investment returns, including unrealized gains and losses, are reported as nonoperating gains (losses) in the consolidated statements of operations and changes in net assets unless the return is restricted by donor or law.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value utilizing first-in, first-out (FIFO), or a methodology that closely approximates FIFO.

Intangible Assets

Intangible assets consist of capitalized computer software costs. Intangible assets are included in other noncurrent assets on the consolidated balance sheets and are comprised of the following:

	June 30	
	2011	**2010**
Computer software costs	**$ 5,401**	$ 3,696
Less accumulated amortization	**(3,327)**	(2,362)
Total intangible assets, net	**$ 2,074**	$ 1,334

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Intangible assets with definite lives, computer software costs, are amortized on a straight-line basis over their expected useful lives. Amortization expense in 2011 and 2010, was $965 and $708, respectively.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. A summary of property and equipment at June 30, 2011 and 2010 is as follows:

	June 30	
	2011	**2010**
Land and improvements	**$ 12,489**	$ 14,967
Building and equipment	**358,810**	359,968
Construction in progress	**4,876**	1,316
	376,175	376,251
Less accumulated depreciation	**(209,816)**	(204,162)
Total property and equipment, net	**$ 166,359**	$ 172,089

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2011 and 2010 was $9,955 and $11,026, respectively.

Estimated useful lives by asset category are as follows: land improvements – 2 to 25 years; buildings – 15 to 40 years; and equipment – 3 to 20 years.

Several capital projects have remaining construction and related equipment purchase commitments of $6,697 as of June 30, 2011.

2. Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by GHS has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Performance Indicator

The performance indicator is excess of revenues over expenses and nonoperating gains. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, and contributions of property and equipment.

Operating and Nonoperating Activities

GHS's primary mission is to meet the health care needs in its market area through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to GHS's primary mission are considered to be nonoperating, consisting primarily of Genesys Health Foundation operations and investment return.

2. Significant Accounting Policies (continued)

Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by approximately $2,361 and $2,795 for the years ended June 30, 2011 and 2010, respectively.

During 2011 and 2010, approximately 46% and 47%, respectively, of net patient service revenue were received under the Medicare program, 11% and 11%, respectively, under various states' Medicaid programs, 19% and 20%, respectively, under Blue Cross, 16% and 15%, respectively, under health maintenance organizations and preferred provider organizations, and 7% and 7%, respectively, under other programs. GHS grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2011 and 2010, include Medicare (35% and 33%, respectively), various states' Medicaid programs (24% and 16%, respectively), Blue Cross (5% and 5%, respectively), health maintenance organizations and preferred provider organizations (10% and 5%, respectively), self pay (16% and 26%, respectively), and other (10% and 15%, respectively).

The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due

2. Significant Accounting Policies (continued)

from insurance and reasonable efforts to collect from the patient have been exhausted, GHS follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health. Accounts receivable are written off after collection efforts have been followed in accordance with GHS policies.

Impairment, Restructuring, and Nonrecurring Expenses

During the years ended June 30, 2011 and 2010, GHS recorded total impairment and restructuring expenses of $1,365 and $686, respectively. For the year ended June 30, 2011, the amount $1,365 is comprised of long-lived asset impairments. For the year ended June 30, 2010, the amount $686 is comprised of restructuring relating to changes in business operations, including reorganization and severance charges.

Income Taxes

The member health care entities of GHS are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or 501(c)(2), and their related income is exempt from federal income tax under Section 501(a). GHS accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

During the year ended June 301, 2011, Genesys recognized other revenue of approximately $4,600 related to medical resident Federal Insurance Contributions Act (FICA) refunds which had been remitted to the IRS during years ended prior to March 2005. Such amounts represent management's estimate of claims submitted to the IRS related to the IRS acceptance of residents' qualification as students for purposes of determining Medicare and social security tax.

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by GHS. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of these investigations will not have a material adverse impact on the consolidated financial statements of GHS.

2. Significant Accounting Policies (continued)

Reclassifications

Certain reclassifications were made to the 2010 consolidated financial statements to conform to the 2011 presentation.

Adoption of New Accounting Standards

In January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-07, *Not-for-Profit Entities. Mergers and Acquisitions*, (ASU 2010-07), which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures. In addition, ASU 2010-07 included amendments to FASB's Accounting Standards Codification™ (the Codification, or ASC) Topic 350, *Intangibles – Goodwill and Other*, (ASC Topic 350), and Topic 810, *Consolidation*, (ASC Topic 810) to make both applicable to not-for-profit entities. ASC Topic 350 clarifies the accounting for goodwill and indefinite-lived identifiable intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity. Such assets are not amortized and are tested for impairment at least annually. ASC Topic 810 clarifies the accounting for noncontrolling interests and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of net assets. The adoption of these guidances did not have an impact on GHS's consolidated financial statements for the year ended June 30, 2011.

3. Cash and Cash Equivalents, Investments, and Assets Limited as to Use

GHS's investments are comprised of GHS's pro rata share of the HSD's funds held for participants and certain other investments such as those investments held and managed by foundations. Board-designated investments represent investments designated by resolution of the Board of Trustees to put amounts aside primarily for future capital expansion and improvements. Assets limited as to use primarily include investments restricted by donors.

(Dollars in Thousands)

3. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

GHS's investments are reported in the accompanying consolidated balance sheets as presented in the following table:

	June 30 2011	June 30 2010
Cash and cash equivalents	$ 20,006	$ 17,280
Short-term investments	500	500
Board-designated investments	12,400	10,397
Other investments	169,793	158,006
Assets limited as to use:		
Temporarily or permanently restricted	5,075	3,656
Total	$ 207,774	$ 189,839

The composition of cash and investments classified as cash and cash equivalents, short-term investments, board-designated investments, assets limited as to use, and other investments is summarized as follows:

	June 30 2011	June 30 2010
Cash, cash equivalents, and short-term investments	$ 4,674	$ 5,144
Pledges receivable, net	789	1,131
Other investments	1,907	1,338
Subtotal, included in cash and cash equivalents, short-term investments, and board-designated investments, other investments, and assets limited to use	7,370	7,613
Pro rata share of HSD funds held for participants	200,404	182,226
Cash and cash equivalents, short-term investments, board-designated investments, assets limited as to use, and other investments	$ 207,774	$ 189,839

(Dollars in Thousands)

3. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

As of June 30, 2011 and 2010, the composition of total HSD investments is as follows:

	June 30	
	2011	**2010**
Cash, cash equivalents and short-term investments	**6.9%**	5.8%
U.S. government obligations	**27.4%**	26.0%
Asset backed securities	**15.8%**	11.3%
Corporate and foreign fixed income investments	**11.3%**	17.5%
Equity, private equity, and other investments	**38.6%**	39.4%
Total	**100.0%**	100.0%

In order to evaluate the realizable value of its investments, GHS management evaluates the available facts and circumstances. This evaluation requires significant judgment, including determinations involving the estimation of the outcome of future events, and also consists of an accumulation of factors about general market conditions which reflect prospects for the economy as a whole, the specific industries, and/or the specific securities under consideration. These factors are considered by management in determining whether the security still has earnings potential in the near future, and whether the security has an anticipated recovery in market value.

Investment return recognized by GHS is summarized as follows:

	Years Ended June 30,	
	2011	**2010**
Investment return in HSD	**$ 31,036**	$ 20,219
Interest and dividends	**2,271**	367
Total investment return	**$ 33,307**	$ 20,586
Investment return included in operating income	**$ 1,467**	$ 335
Investment return included in nonoperating gains	**31,443**	19,970
Increase in unrestricted net assets – other	**1**	29
Increase in restricted net assets	**396**	252
Total investment return	**$ 33,307**	$ 20,586

4. Fair Value Measurements

GHS categorizes, for disclosure purposes, assets and liabilities measured at fair value on a recurring basis in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. GHS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

GHS follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value on a recurring basis at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange traded equity securities, futures, real estate investment trusts, pooled short-term investment funds, options and exchange traded mutual funds.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations, asset-backed securities, certificates of deposit, and derivatives.

Level 3 – Inputs that are unobservable for the asset or liability. Investments classified in this level generally include alternative investments, private equity investments, limited partnerships, and certain fixed income securities, including fixed income government obligations, and derivatives.

4. Fair Value Measurements (continued)

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. GHS uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

As of June 30, 2011 and 2010, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

Short-Term Investments

Short-term investments designated as a Level 2 investment is comprised of a certificate of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short term rates.

Beneficial Interest in Remainder Trust

GHS is a party to a beneficial interest (split-interest agreement) in multiple remainder trusts that involves a third party who maintains control of the donor's contributed assets. The split-interest agreements classified as Level 2 investments are primarily comprised of equity and fixed income securities. Significant observable inputs include active market quotes and active market quotes for similar assets.

As discussed in the significant accounting policies and the cash and cash equivalents, investments, and other assets limited as to use notes, GHS has an investment in the HSD and certain other investments, such as those investments held and managed by foundations. As of June 30, 2011, 31%, 67% and 2% of total HSD assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2 and Level 3 inputs, respectively, while 1%, 84% and 15% of total HSD liabilities that are measured at fair value on a recurring basis were measured at such fair values based on Level 1, Level 2 and Level 3 inputs, respectively. As of June 30, 2010, 25%, 67% and 8% of total HSD assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2 and Level 3 inputs, respectively, while 2%, 45% and 53% of total HSD liabilities that are measured at fair value on a recurring basis were measured based on Level 1, Level 2 and Level 3 inputs, respectively.

(Dollars in Thousands)

4. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011, for all other financial assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Short-term investments	$ –	$ 500	$ –	$ 500
Marketable equity securities	2	–	–	2
Beneficial interest in remainder trusts	–	1,578	–	1,578
Subtotal, included in cash and cash equivalents, short-term investments, board-designated investments, assets limited as to use, and other investments	2	2,078	–	2,080
Deferred compensation assets, invested in:				
Mutual funds	501	–	–	501
Money market funds	624	–	–	624
Subtotal included in other noncurrent assets	1,125	–	–	1,125
Total financial assets at fair value	$ 1,127	$ 2,078	$ –	$ 3,205

(Dollars in Thousands)

4. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2010, for all other financial assets and liabilities, measured at fair value on a recurring basis in the consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2010				
Short-term investments	$ –	$ 500	$ –	$ 500
Marketable equity securities	2	–	–	2
Beneficial interest in remainder trusts	–	1,355	–	1,355
Subtotal, included in cash and cash equivalents, short-term investments, board-designated investments, assets limited as to use, and other investments	2	1,855	–	1,857
Deferred compensation assets, invested in:				
Mutual funds	335	–	–	335
Money market funds	462	–	–	462
Subtotal included in other noncurrent assets	797	–	–	797
Total financial assets at fair value	$ 799	$ 1,855	$ –	$ 2,654

(Dollars in Thousands)

5. Long Term Debt

Long-term debt consists of the following:

	June 30 2011	2010
Intercompany debt with Ascension Health, payable in installments through November 2047; interest (3.88% and 3.95% at June 30, 2011 and 2010, respectively) adjusted based on prevailing blended market interest rate of underlying debt obligations	**$ 299,480**	$ 301,916
Genesys Convalescent Center Loan with Citizens Bank, dated June 25, 2010, two semi annual consecutive interest payments, beginning November 1, 2010. Interest is calculated on unpaid principal balance at 4.5% per annum based on a year of 360 days. Prinicpal payments are due on November 1, 2011 and 2012.	**245**	480
Obligations under capital leases	**14**	22
	299,739	302,418
Less current portion	**2,407**	2,679
Long-term debt, less current portion	**$ 297,332**	$ 299,739

Scheduled principal repayments of long-term debt are as follows:

Year ending June 30:	
2012	$ 2,407
2013	2,087
2014	4,510
2015	4,715
2016	4,199
Thereafter	281,821
Total	$ 299,739

5. Long Term Debt (continued)

Certain members of Ascension Health formed the Ascension Health Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member or senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by Ascension Health. Though senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation. In addition, Ascension Health may cause each senior designated affiliate to transfer such amounts as are necessary to enable the senior obligated group members to comply with the terms of the Senior MTI, including payment of the outstanding obligations. GHS is a senior obligated group member under the terms of the Senior MTI.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by Ascension Health. Though subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI, each subordinate limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions, each subject to the governing law of the limited designated affiliate's state of incorporation. GHS is a subordinate obligated group member under the terms of the Subordinate MTI.

The borrowing portfolio of the Senior and Subordinate Credit Group includes a combination of fixed and variable rate hospital revenue bonds, commercial paper and other obligations, the proceeds of which are in turn loaned to the Senior and Subordinate Credit Group members subject to a long-term amortization schedule of 1 to 37 years.

5. Long Term Debt (continued)

Certain portions of Senior and Subordinate Credit Group borrowings may be periodically subject to interest rate swap arrangements to effectively convert borrowing rates on such obligations from a floating to a fixed interest rate or vice versa based on market conditions. Additionally, Senior and Subordinate Credit Group borrowings may, from time to time, be refinanced or restructured in order to take advantage of favorable market interest rates or other financial opportunities. Any gain or loss on refinancing, as well as any bond premiums or discounts, are allocated to the Senior and Subordinate Credit Group members based on their pro rata share of the Senior and Subordinate Credit Group's obligations. Senior and Subordinate Credit Group refinancing transactions rarely have a significant impact on the outstanding borrowings or intercompany debt amortization schedule of any individual Senior and Subordinate Credit Group member. Members of Ascension Health may also periodically draw from the invested funds of other members of Ascension Health on a relatively short-term basis and subject to certain conditions.

The carrying amounts of intercompany debt with Ascension Health and other debt approximate fair value based on a portfolio market valuation provided by a third party.

The Senior and Subordinate Credit Group financing documents contain certain restrictive covenants, including a debt service coverage ratio.

As of June 30, 2011, the Subordinate Credit Group has a $50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $50,000 extends to December 28, 2011. As of June 30, 2011, $37,162 of letters of credit had been extended under the revolving line of credit, although there were no borrowings under any of the letters of credit.

As of June 30, 2011, the Senior Credit Group has a line of credit of $500,000 for general corporate purposes, toward which bank commitments totaling $500.000 extend to April 2, 2012. As of June 30, 2011, there were no borrowings under the line of credit.

The outstanding principal amount of all hospital revenue bonds is $4,100,240 which represents 38% of the combined unrestricted net assets of the Senior and Subordinate Credit Group members at June 30, 2011.

5. Long Term Debt (continued)

Guarantees are contingent commitments issued by the Senior and Subordinate Credit Groups, generally to guarantee the performance of a sponsored organization or an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and similar transactions. The term of the guarantee is equal to the term of the related debt which can be as short as 30 days or as long as 29 years. The maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2011, is approximately $150,000.

During the years ended June 30, 2011 and 2010, interest paid was approximately $11,933 and $9,283, respectively.

6. Permanently Restricted Endowments

GHS's endowments consist of 11 donor-restricted endowment funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The GHS Board of Trustees has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, GHS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure as proscribed by UMIFA. In accordance with UMIFA, GHS considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund.

(2) The purposes of GHS and the donor-restricted endowment fund.

(3) General economic conditions.

6. Permanently Restricted Endowments (continued)

(4) The possible effect of inflation and deflation.

(5) The expected total return from income and the appreciation of investments.

(6) Other resources of GHS.

(7) The investment policies of GHS.

Endowment Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires GHS to retain as a fund of perpetual duration. In accordance with Generally Accepted Accounting Principles, deficiencies of this nature that are reported in unrestricted net assets. There were no deficiencies as of June 30, 2011.

Return Objectives and Risk Parameters

The GHS Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that GHS must hold in perpetuity or for a donor-specified period(s). Under these policies, GHS expects its endowment funds over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, GHS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GHS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(Dollars in Thousands)

6. Permanently Restricted Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

GHS has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, GHS considered the long-term expected return on its endowment. Accordingly, over the long term, GHS expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with GHS's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

	Endowment Net Asset Composition by Type of Fund as of June 30, 2011		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 631	$ 522	$ 1,153

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2011		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	$ 450	$ 690	$ 1,140
Investment return:			
Investment income	55	1	56
Net appreciation (realized and unrealized)	129	–	129
Total investment return	184	1	185
Contributions	7	11	18
Appropriation of endowment assets for expenditure	(10)	–	(10)
Other changes:			
Transfers	–	(180)	(180)
Endowment net assets, ending balance	$ 631	$ 522	$ 1,153

(Dollars in Thousands)

6. Permanently Restricted Endowments (continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2010		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 450	$ 690	$ 1,140

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2010		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	$ 297	$ 676	$ 973
Investment return:			
Investment income	67	1	68
Net appreciation (realized and unrealized)	102	–	102
Total investment return	169	1	170
Contributions	13	13	26
Appropriation of endowment assets for expenditure	(30)	–	(30)
Other changes:			
Reclassifications	1	–	1
Endowment net assets, ending balance	$ 450	$ 690	$ 1,140

7. Retirement Plans

GRMC employees participate in the Genesys Regional Medical Center Retirement Plan (the Plan), which is a noncontributory defined benefit pension plan covering all eligible employees of GRMC. Plan benefits are based on each participant's years of service and compensation during the last five years of credited service. Plan assets, principally cash and cash equivalents, equity, fixed income funds, and alternative investments are invested in a master trust under Ascension Health. Contributions to the Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to Plan participants. The assets of the Plan are available to pay the benefits of eligible employees.

The plan has been modified effective August 28, 2010, by freezing benefits for the Technical Union employees that do not meet a specific benefit service requirement. The Plan was also modified effective April 30, 2011, by freezing benefits for the nonunion employees who also do not meet a specific benefit service requirement. Such plan modifications resulted in a curtailment credit of $1,403 being recognized within net periodic benefit credit for the year ended June 30, 2011.

ASC 715, Compensation Retirement Benefits, requires plan sponsors of a defined benefit pension plan to recognize the funded status of their postretirement benefit plan in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the year-end statement of financial position, and provide additional disclosures. Recognition of the funded status is an adjustment to unrestricted net assets in the statement of financial position and changes in net assets.

(Dollars in Thousands)

7. Retirement Plans (continued)

The following table sets forth the benefit obligation, the assets of the Plan at June 30, 2011 and 2010 (using measurement date of June 30), and components of net periodic benefit cost for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

	Year Ended June 30	
	2011	**2010**
Change in benefit obligation		
Benefit obligation, beginning of year	**$ 460,794**	$ 394,945
Service cost	**12,878**	11,705
Interest cost	**24,066**	25,027
Amendments	**–**	339
Assumption change	**(3,285)**	44,658
Actuarial (gain) loss	**(24,425)**	3,367
Benefits paid	**(19,300)**	(19,247)
Benefit obligation, end of year	**450,728**	460,794
Change in plan assets		
Fair value of plan assets, beginning of year	**396,752**	332,428
Actual return on plan assets	**72,471**	73,390
Employer contributions	**7,580**	10,181
Benefits paid	**(19,300)**	(19,247)
Fair value of plan assets, end of year	**457,503**	396,752
Funded status and long-term pension asset (liability)	**$ 6,775**	$ (64,042)
Accumulated benefit obligation, end of the year	**$ 413,763**	$ 412,574

(Dollars in Thousands)

7. Retirement Plans (continued)

No plan assets are expected to be returned to GRMC during the fiscal year ended June 30, 2012.

Included in unrestricted net assets at June 30, 2011 and 2010, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

	Year Ended June 30 2011	2010
Unrecognized prior service credit	$ 5,420	$ 7,737
Unrecognized actuarial net gain (loss)	1,245	(77,028)
	$ 6,665	$ (69,291)

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2011 and 2010, respectively, include:

	Year Ended June 30 2011	2010
Current year actuarial gain (loss)	$ 67,578	$ (3,965)
Amortization of actuarial loss	10,695	9,583
Current year prior service cost	–	(339)
Amortization of prior service credit	(914)	(1,015)
Curtailment credit	(1,403)	–
	$ 75,956	$ 4,264

The assumptions used to determine the accrual pension cost are set forth below:

	Year Ended June 30 2011	2010
Weighted-average discount rate	5.55%	5.30%
Weighted-average rate of compensation increase	4.00%	4.00%

(Dollars in Thousands)

7. Retirement Plans (continued)

	Year Ended June 30	
	2011	**2010**
Components of net periodic benefit cost		
Service cost	**$ 12,878**	$ 11,705
Interest cost	**24,067**	25,027
Expected return on net assets	**(32,604)**	(29,330)
Amortization of prior service credit	**(914)**	(1,015)
Amortization of actuarial loss	**10,695**	9,583
Curtailment credit	**(1,403)**	–
Net periodic benefit cost	**$ 12,719**	$ 15,970

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic benefit cost during the year ending June 30, 2012, are $800 and $5,600, respectively.

The assumptions used to determine the net periodic benefit cost for the Plan are set forth below:

	Year Ended June 30	
	2011	**2010**
Weighted-average discount rate	**5.30%**	6.45%
Weighted-average rate of compensation increase	**4.00%**	4.00%
Weighted-average expected long-term rate of return on plan assets	**8.50%**	8.50%

(Dollars in Thousands)

7. Retirement Plans (continued)

GRMC pension plan assets are commingled with the Ascension Health Pension Plan assets and managed by Ascension Health. The Ascension Health Pension Plan Trust's (the Trust) asset allocation and investment strategies are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses. Derivatives may be used to bridge specific exposure, reduce transaction costs, or modify the portfolio's duration or yield. Ascension Health uses investment managers specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines which include allowable and/or prohibited investment types. Ascension Health regularly monitors manager performance and compliance with investment guidelines.

As of June 30, 2011 and 2010, the fair value of the Plan's assets available for benefits was $457,503 and $396,752, respectively. As discussed in the Fair Value Measurements note, GRMC, as well as Ascension Health, follows a three-level hierarchy to categorize assets and liabilities measured at fair value. In accordance with this hierarchy, as of June 30, 2011, 27%, 45%, and 28% of the Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3 investments, respectively, while the Plan's liabilities measured at fair value on a recurring basis, 0%, 17% and 83% were categorized as Level 1, Level 2 and Level 3, respectively, as of June 30, 2011. Additionally, as of June 30, 2010, 29%, 42% and 29% of the Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2 and Level 3 investments, respectively, while the Plan's liabilities measured at fair value on a recurring basis, 0%, 13% and 87% were categorized as Level 1, level 2 and Level 3, respectively, as of June 30, 2010.

The weighted average asset allocation for the Trust at the end of fiscal 2011 and 2010 and the target allocation for fiscal 2012, by asset category, are as follows:

Asset Category	Target Allocation 2012	Percentage of Plan Assets at Year-End 2011	2010
Growth	50%	**52%**	47%
Recession/deflation	30%	**32%**	44%
Inflation	20%	**16%**	9%
Total	100%	**100%**	100%

(Dollars in Thousands)

7. Retirement Plans (continued)

The Trust has entered into a series of interest rate swap agreements with a notional amount of approximately $2.5 billion. The combined targeted duration of these swaps and the Trust's fixed income investments approximate the duration of the liabilities of the Trust. Currently, 75% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Ascension Health Pension Plans' investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the Plan follows:

Expected employer contributions 2012	$	9,100
Expected benefit payments:		
2012		27,400
2013		29,900
2014		32,000
2015		33,300
2016		35,100
2017 – 2021		192,300

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above reflect the total benefits expected to be paid from the Trust.

7. Retirement Plans (continued)

Ascension Health Defined Contribution Plan

GHS participates in the Ascension Health Defined Contribution Plan (the Defined Contribution Plan), a contributory and noncontributory, defined contribution plan sponsored by Ascension Health which covers all eligible associates. There are three primary types of contributions to the Defined Contribution Plan: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in all employer contributions immediately. Defined contribution expense, representing both employer automatic contributions and employer matching contributions, was $3,931 and $3,388 for the years ended June 30, 2011 and 2010, respectively.

8. Other Postretirement Benefits

Eligible GRMC employees participate in the Genesys Regional Medical Center Postretirement Health Care Plan (GRMC Plan), which provides health and certain other postretirement benefits to all employees who meet vesting requirements. The postretirement health care plan requires retiree contributions, which are adjusted annually. GRMC has the right to modify or terminate this plan in the future.

The GRMC Plan has been modified effective January 1, 2010, by replacing the traditional prescription drug benefit for nonunion retires with an annual health reimbursement account. The GRMC Plan was also modified January 1, 2011, by transferring the Technical Bargaining active participant's benefits to the Central States benefit program. GRMC is required to fund such benefits separately from operations.

ASC 715, Compensation Retirement Benefits, requires plan sponsors of a other postretirement benefit plan to recognize the funded status of their postretirement benefit plan in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the year-end statement of financial position, and provide additional disclosures. Recognition of the funded status is an adjustment to unrestricted net assets in the statement of financial position and changes in net assets.

(Dollars in Thousands)

8. Other Postretirement Benefits (continued)

The following table sets forth the combined benefit obligation, the assets of the GRMC Plan at June 30, 2011 and 2010 (using measurement date of June 30), and components of net periodic benefit cost for the years then ended and a reconciliation of the amounts recognized in the consolidated financial statements.

	Year Ended June 30	
	2011	**2010**
Change in benefit obligation		
Benefit obligation, beginning of year	**$ 22,504**	$ 30,120
Service cost	**176**	312
Interest cost	**1,123**	1,549
Amendments	**(261)**	(5,450)
Assumption change	**(2,719)**	(1,482)
Actuarial gain	**(39)**	(248)
Benefits paid	**(1,928)**	(2,497)
Federal subsidy on benefits paid	**174**	200
Benefit obligation, end of year	**19,030**	22,504
Change in plan assets		
Fair value of plan assets, beginning of year	**17,952**	16,007
Actual return on plan assets	**3,845**	1,945
Employer contributions	**1,928**	2,497
Benefits paid	**(1,928)**	(2,497)
Fair value of plan assets, end of year	**21,797**	17,952
Funded status and long-term postretirement asset (obligation)	**$ 2,767**	$ (4,552)

(Dollars in Thousands)

8. Other Postretirement Benefits (continued)

No plan assets are expected to be returned to GRMC during the fiscal year ended June 30, 2012.

Included in unrestricted net assets at June 30, 2011 and 2010, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

	Year Ended June 30 2011	2010
Unrecognized prior service credit	$ 4,937	$ 6,369
Unrecognized actuarial net gain (loss)	3,936	(857)
	$ 8,873	$ 5,512

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2011 and 2010, respectively, include:

	Year Ended June 30 2011	2010
Current year actuarial gain	$ 4,835	$ 1,803
Amortization of actuarial gain	(42)	–
Current year prior service credit	260	5,450
Amortization of prior service credit	(1,692)	(1,280)
	$ 3,361	$ 5,973

	Year Ended June 30 2011	2010
Components of net periodic benefit cost (credit)		
Service cost	$ 176	$ 312
Interest cost	1,123	1,549
Expected return on net assets	(1,694)	(1,710)
Amortization of prior service credit	(1,692)	(1,280)
Amortization of actuarial gain	(42)	–
Net periodic benefit credit	$ (2,129)	$ (1,129)

(Dollars in Thousands)

8. Other Postretirement Benefits (continued)

The assumptions used to determine the accrued postretirement benefit cost are set forth below:

	Year Ended June 30	
	2011	**2010**
Weighted-average discount rate	**5.45%**	5.25%

The prior service credit and actuarial gain included in unrestricted net assets and expected to be recognized in net periodic pension cost during fiscal year ended June 30, 2012 is $1,700 and $285, respectively.

For measurement purposes, a 7.75% pre-65 and post-65 initial rate of increase in the per capita cost of covered health care benefits was assumed for 2011. The rate was assumed to decrease gradually to 5% by fiscal year 2023.

The health care cost trend rate assumptions effect amounts reported for the health care plans. To illustrate, a one-percentage point change in assumed health care cost trend rates would have the following effects:

	One-Percentage Point Increase	**One-Percentage Point Decrease**
Effect on total of service and interest cost components	$ 166	$ (163)

The assumptions used to determine the net periodic benefit cost are set forth below:

	June 30	
	2011	**2010**
Weighted-average discount rate	**5.15%**	5.45%
Weighted-average expected long-term rate of return on plan assets	**7.75%**	8.00%

(Dollars in Thousands)

8. Other Postretirement Benefits (continued)

As of June 30, 2011 and 2010, the fair value of the GRMC Plan's assets available for benefits was $21,797 and $17,952, respectively. As discussed in the Fair Value Measurements note, GRMC, as well as Ascension Health, follows a three-level hierarchy to categorize assets and liabilities measured at fair value. In accordance with this hierarchy, as of June 30, 2011, 35%, 50%, and 15% of the Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3 investments, respectively, while 13%, 0%, and 87% of the Plan's liabilities which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively. As of June 30, 2010, 29%, 66%, and 5% of the Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3 investments, respectively, while 24%, 0%, and 76% of the Plan's liabilities which are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively.

Information about the expected cash flows for the other postretirement benefit plan follows:

Expected employer contributions 2012	$ 1,635

	Gross	Expected Federal Subsidy
Expected benefit payments:		
2012	$ 1,805	$ 170
2013	1,808	187
2014	1,758	206
2015	1,791	227
2016	1,787	252
2017 – 2021	8,803	1,748

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above also reflect the total benefits expected to be paid from GRMC assets.

9. Self-Insurance Programs

GHS participates in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at 6% in 2011 and 2010. In the event that sufficient funds are not available from the self-insurance programs, each participating entity may be assessed its pro rata share of the deficiency. If contributions exceed the losses paid, the excess may be returned to participating entities.

Professional and General Liability Programs

GHS participates in Ascension Health's professional and general liability self-insured program which provides claims-made coverage through a wholly owned on-shore trust and offshore captive insurance company, Ascension Health Insurance, Ltd. (AHIL). GHS has a deductible of $100 per claim and the program has a self-insured retention of $10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to $185,000. AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first $25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers.

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is general and professional liability expense of $2,262 and $4,117 for the years ended June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, the general and professional liability reserves included in self-insurance liabilities (current and long-term) in the accompanying consolidated balance sheets were $6,399 and $6,422, respectively.

(Dollars in Thousands)

9. Self-Insurance Programs (continued)

Workers' Compensation

GHS participates in Ascension Health's workers' compensation program which provides occurrence coverage through a grantor trust. The trust provides coverage up to $1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and reflect both claims reported and claims incurred but not reported.

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of $1,948 and $1,692 for the years ended June 30, 2011 and 2010, respectively

10. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are as follows:

Year ending June 30:	
2012	$ 7,741
2013	6,284
2014	4,573
2015	3,037
2016	538
Thereafter	96
Total	$ 22,269

GHS has subleased certain of its space under the operating leases reported above. Total future minimum rents to be received under noncancellable subleases with terms of one year or more are $420.

In addition, GHS is a lessor under certain operating lease agreements, primarily real estate leases for buildings owned by GHS.

(Dollars in Thousands)

10. Lease Commitments (continued)

Future minimum rental receipts under noncancellable operating leases with terms of one year or more are as follows:

Year ending June 30:		
2012	$	1,354
2013		1,369
2014		1,376
2015		1,402
2016		1,413
Total	$	6,914

Rental expense under operating leases amounted to $7,747 and $7,205 in 2011 and 2010, respectively.

During the year ended June 30, 2011, GHS sold a medical office building to a third party and contemporaneously leased back certain space in the building to support ongoing ministry operations for a period of five years. These space leases are being accounted for as operating leases based on the terms of the lease, and future minimum lease payments under this lease are included in the amounts reported above. The building sale was accounted for as sale-leaseback transaction, and as such, certain gains on the sale were deferred. As of June 30, 2011, a net deferred gain of $275, was included in other noncurrent liabilities in the accompanying consolidated balance sheets. The gain is being recognized as operating income over the related leaseback terms.

11. Related-Party Transactions

GHS utilized various centralized programs and overhead services of Ascension Health or its other sponsored organizations including risk management, retirement services, treasury, debt management, executive management support, administrative services, and information technology services. The charges allocated to GHS for these services represent both allocations of common costs and specifically identified expenses that are incurred by Ascension Health on behalf of GHS. Allocations are based on relevant metrics such as GHS's pro rata share of revenues, certain costs, debt, or investments to the consolidated totals of Ascension Health. The amounts charged to GHS for these services may not necessarily result in the net costs that would

(Dollars in Thousands)

11. Related-Party Transactions (continued)

be incurred by GHS on a stand-alone basis. The charges allocated to GHS were approximately $3,038 and $2,898 for the years ended June 30, 2011 and 2010, respectively. GHS incurred expense with various Ascension Health related parties related to medical equipment maintenance and information technology services. These expenses amounted to $23,098 and $22,524 for the years ended June 30, 2011 and 2010, respectively.

GHS transferred cash and investments of $5,745 and $4,262 to Ascension Health for the years ended June 30, 2011 and 2010, respectively, in support of Ascension Health's strategic initiatives.

	Year Ended June 30			
	2011		2010	
	Revenue	Expense	Revenue	Expense
Flint Health System MRI	$ 33	$ 335	$ 41	$ 522
Genesys PHO	5	1,391	188	1,664
Genesys Hurley Cancer Institute	1,038	126	1,079	106
Clarkston Health Center	15	–	15	–
Clarkston Property Associates, LLC	8	158	8	156
Genesys MedSports Capital, LLC	–	2,637	–	2,579
Center for Gastrointestinal Health at Health Park, LLC	–	–	16	–
Surgery Center at Health Park, LLC	–	–	46	–
Genesys Orthotics & Prosthetics	188	73	152	309
Cardiovascular Co-Management Co.	–	1,462	–	1,440
Ortho-Neuro Co-Management Co.	–	947	–	868
Surgical Services Co-Management Co.	–	1,602	–	1,571
	$ 1,287	$ 8,731	$ 1,545	$ 9,215

12. Contingencies and Commitments

In addition to professional liability claims, GHS is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on GHS's consolidated financial position.

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with the national coverage criteria. In connection with this nationwide review, GHS will be reviewing applicable medical records for response to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. At June 30, 2011 and through September 16, 2011, the review remains in its early stages. As such, no estimates of liability have been or can be reached relative to the impact this investigation could have on GHS. Through September, 2011, the DOJ has not asserted any claims against GHS. Ascension Health and GHS continue to fully cooperate with the DOJ in its investigation.

13. Subsequent Events

GHS evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date. For the year ended June 30, 2011, GHS evaluated subsequent events through September 16, 2011, representing the date on which the accompanying audited consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements. Additionally, there were no nonrecognized subsequent events that required disclosure.

Other Financial Information

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Report of Independent Auditors on Other Financial Information

The Board of Trustees
Genesys Health System

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidating balance sheet, consolidating statement of operations and changes in net assets, and schedule of net cost of providing care of persons who are poor and community benefit programs and consolidating financial information for Genesys Health System are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits for the basic financial statements and, in our opinion, is fairly stated in all material respects in related to the basic financial statements taken as a whole.

Ernst + Young LLP

September 16, 2011

Genesys Health System

Consolidating Balance Sheets
(Dollars in Thousands)

June 30, 2011

	Consolidated Balance	Consolidating Adjustments	GRMC Obligated Group	Genesys Practice Partners	Genesys Ambulatory Health Services	Beecher Ballenger Services	Genesys Health Enterprises	Genesys Community Partners	Genesys Health Foundation	Genesys Convalescent Center	Center for Gerontology	Genesys Home Health & Hospice
Assets												
Current assets												
Cash and cash equivalents	$ 20,006	$ –	$ 14,950	$ 354	$ (34)	$ 586	$ 289	$ 541	$ 916	$ 1,013	$ 64	$ 1,327
Short-term investments	500	–	–	–	–	500	–	–	–	–	–	–
Accounts receivable, less allowances for uncollectible accounts	17,226	–	11,717	559	311	–	1,265	–	–	1,909	28	1,437
Estimated third-party pay or settlements	4,930	–	4,930	–	–	–	–	–	–	–	–	–
Inventories	5,559	–	4,691	–	–	27	814	–	–	–	–	27
Assets held for sale	506	–	204	–	302	–	–	–	–	–	–	–
Other	8,388	(4,352)	11,491	–	1,322	491	132	3	(965)	99	90	76
Total current assets	87,115	(4,352)	77,983	913	1,901	1,606	2,500	543	(49)	3,021	182	2,867
Board-designated, other investments and assets limited as to use	187,268	–	141,285	–	–	–	–	10,482	7,447	9,922	2	15,130
Total property and equipment, net	166,359	–	163,006	41	440	300	110	–	98	1,646	38	730
Other assets												
Investment in unconsolidated entities	12,217	(4,241)	453	–	4,241	3,123	191	8,450	–	–	–	–
Notes and other receivables	14,657	(289)	14,946	–	–	–	–	–	–	–	–	–
Other	15,356		15,356	–	–	–	–	–	–	–	–	–
Total other assets	42,230	(4,530)	30,755	–	4,241	3,123	191	8,450	–	–	–	–
Total assets	$ 482,972	$ (8,882)	$ 416,029	$ 954	$ 6,582	$ 5,029	$ 2,801	$ 19,475	$ 7,446	$ 14,589	$ 222	$ 18,727

Genesys Health System

Consolidating Balance Sheets (continued)
(Dollars in Thousands)

	Consolidated Balance	Consolidating Adjustments	GRMC Obligated Group	Genesys Practice Partners	Genesys Ambulatory Health Services	Beecher Ballenger Services	Genesys Health Enterprises	Genesys Community Partners	Genesys Health Foundation	Genesys Convalescent Center	Center for Gerontology	Genesys Home Health & Hospice
Liabilities and net assets												
Current liabilities												
Current portion of long-term debt	$ 2,307	$ –	$ 2,142	$ –	$ 7	$ –	$ 1	$ –	$ –	$ 245	$ –	$ 12
Accounts payable and accrued liabilities	45,690	(4,352)	39,533	2,565	1,302	1 716	534	114	1,145	1,316	56	1,761
Estimated third-party payor settlements	10,968	–	10,968	–	–	–	–	–	–	–	–	–
Current portion of self-insurance liabilities	2,743	–	2,743	–	–	–	–	–	–	–	–	–
Other	261	–	261	–	–	–	–	–	–	–	–	–
Total current liabilities	62,069	(4,352)	55,647	2,565	1 309	1,716	535	114	1 145	1,561	56	1,773
Noncurrent liabilities												
Long-term debt	297,332	–	295,561	–	1,005	–	1	–	–	–	–	765
Self-insurance liability	3,655	–	3,351	98	45	18	32	–	–	61	3	47
Pension and other post retirement liabilities	69	–	69	–	–	–	–	–	–	–	–	–
Other	9,981	–	9,550	–	23	395	–	–	–	–	13	–
Total noncurrent liabilities	311 037	–	308,531	98	1 073	413	33	–	–	61	16	812
Total liabilities	373 106	(4 352)	364,178	2,663	2,382	2 129	568	114	1,145	1 622	72	2,585
Net assets												
Unrestricted (deficit)	104,791	(4 241)	51,851	(1,709)	4,200	2,900	2,233	19,361	937	12 967	150	16,142
Temporarily restricted	4 553	(289)	–	–	–	–	–	–	4 842	–	–	–
Permanently restricted	522	–	–	–	–	–	–	–	522	–	–	–
Total net assets	109,866	(4 530)	51,851	(1,709)	4 200	2,900	2,233	19 361	6 301	12 967	150	16 142
Total liabilities and net assets	$ 482 972	$ (8 882)	$ 116,029	$ 954	$ 6 582	$ 5 029	$ 2 801	$ 19,475	$ 7 446	$ 14 589	$ 222	$ 18 727

Genesys Health System

Consolidating Statement of Operations and Changes in Net Assets

(Dollars in Thousands)

Year Ended June 30, 2011

	Consolidated Balance	Consolidating Adjustments	GRMC Obligated Group	Genesys Practice Partners	Genesys Ambulatory Health Services	Beecher Ballenger Services	Genesys Health Enterprises	Genesys Community Partners	Genesys Health Foundation	Genesys Convalescent Center	Center for Gerontology	Genesys Home Health & Hospice
Operating revenue												
Net patient service revenue	$ 460 744	$ (196)	$ 424 711	$ 3,282	$ 1,063	$ –	$ 5 220	$ –	$ –	$ 11,562	$ 638	$ 14 441
Capitation revenue	113	–	64	39	–	–	–	–	–	–	–	–
Other revenue	14,371	–	6,467	1,202	231	5 793	20	–	447	94	80	37
Income from unconsolidated entities	2 275	–	482	–	–	392	14	1 387	–	–	–	–
Net assets released from restrictions for operations	365	–	293	4	–	–	–	–	28	–	9	11
Total operating revenue	477,868	(196)	432 037	4,527	1 294	6 185	5 254	1 387	475	11,656	727	14 512
Operating expenses												
Salaries and wages	203 587	–	180,691	3,957	1,042	2,061	1 907	–	10	6,504	120	7,992
Employee benefits	53,017	–	48 033	600	230	99	560	–	(5)	1 506	104	1,880
Purchased services	32,402	–	11,729	249	36	158	20	–	–	161	–	49
Professional fees	41,861	–	40 379	265	210	92	24	19	1	121	36	614
Supplies	69,424	(196)	67,164	231	116	191	152	–	–	1,177	43	546
Insurance	2,893	–	2 392	127	82	54	53	5	–	87	16	78
Bad debts	16 347	–	15,483	163	230	36	77	–	–	234	–	124
Interest	11,933	–	11,845	–	41	–	1	–	–	16	–	30
Depreciation and amortization	10,933	–	10 261	16	143	109	16	–	–	200	21	117
Other	31,173	–	20,680	655	1 720	3 963	2 274	(31)	347	517	54	994
Total operating expenses	474,570	(196)	428,770	6,293	3 850	6 763	5 083	(7)	353	10,523	694	12 444
Income from operations, before impairment, restructuring and non-recurring expenses	3,298	–	3 267	(1 756)	(2,556)	(578)	171	1,394	122	1,133	33	2 068
Impairment, restructuring and nonrecurring expenses	(1,365)	–	(805)	–	(560)	–	–	–	–	–	–	–
Income from operations	1,933	–	2,462	(1,756)	(3 116)	(578)	171	1 394	122	1,133	33	2,068
Nonoperating gains												
Investment income	31 443	–	27,368	–	–	2	–	1 051	333	1 031	–	1 658
Income from unconsolidated entities	593	–	–	–	–	593	–	–	–	–	–	–
Other	147	–	916	2	3	(1)	–	1	(775)	–	1	–
Total nonoperating gains (losses)	32,183	–	28,284	2	3	593	–	1,052	(442)	1,031	1	1,658
Net income (loss)	$ 34 116	$ –	$ 30,746	$ (1 754)	$ (3,113)	$ 16	$ 171	$ 2,446	$ (320)	$ 2,164	$ 34	$ 3 726

Genesys Health System

Consolidating Statement of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Consolidated Balance	Consolidating Adjustments	GRMC Obligated Group	Genesys Practice Partners	Genesys Ambulatory Health Services	Beecher Hallenger Services	Genesys Health Enterprises	Genesys Community Partners	Genesys Health Foundation	Genesys Convalescent Center	Center for Gerontology	Genesys Home Health & Hospice
Unrestricted net assets												
Excess of revenues over expenses and nonoperating gains	$ 34,116	$ –	$ 30,746	$ (1,754)	$ (1,111)	$ 16	$ 171	$ 2,446	$ (320)	$ 2,164	$ 34	$ 1,726
Pension and other postretirement liability adjustments	79,318	–	79,318	–	–	–	–	–	–	–	–	–
Transfer to sponsor and other affiliates, net	(5,745)	–	(25,801)	–	19,672	–	–	–	384	–	–	–
Net assets related from restrictions for property acquisitions	768	–	768	–	–	–	–	–	–	–	–	–
Other	(1,574)	–	25	–	–	–	–	–	(1,599)	–	–	–
Increase (decrease) in unrestricted net assets before	106,883	–	85,056	(1,754)	16,559	16	171	2,446	(1,535)	2,164	34	1,726
Temporarily restricted net assets												
Contributions and grants	569	–	1,061	4	–	–	–	–	(536)	–	9	31
Net change in unrealized gains/losses on investments	240	–	–	–	–	–	–	–	240	–	–	–
Investment return	155	43	–	–	–	–	–	–	112	–	–	–
Net assets released from restrictions	(1,133)	–	(1,061)	(4)	–	–	–	–	(28)	–	(9)	(31)
Other	1,756	–	–	–	–	–	–	–	1,756	–	–	–
Increase in temporarily restricted net assets	1,587	43	–	–	–	–	–	–	1,544	–	–	–
Permanently restricted net assets												
Contributions	11	–	–	–	–	–	–	–	11	–	–	–
Investment	1	–	–	–	–	–	–	–	1	–	–	–
Other	(180)	–	–	–	–	–	–	–	(180)	–	–	–
Decrease in permanently restricted net assets	(168)	–	–	–	–	–	–	–	(168)	–	–	–
Increase in net assets	108,302	43	85,056	(1,754)	16,559	16	171	2,446	(159)	2,164	34	1,726
Net assets, beginning of the year	1,561	(4,573)	(33,205)	45	(12,359)	2,885	2,061	16,915	6,460	10,803	116	12,416
Net assets, end of the year	$ 109,866	$ (4,530)	$ 51,851	$ (1,709)	$ 4,200	$ 2,901	$ 2,232	$ 19,361	$ 6,301	$ 12,967	$ 150	$ 14,142

Genesys Health System

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs

(Dollars in Thousands)

The net cost excluding the provision for bad debt expense of providing care of persons living in poverty and community benefit programs is as follows:

	Year Ended June 30	
	2011	**2010**
Traditional charity care provided	**$ 5,087**	$ 2,850
Unpaid cost of public programs for persons living in poverty	**18,160**	15,789
Other programs for persons living in poverty and other vulnerable persons	**246**	313
Community benefit programs	**16,037**	16,342
Care of persons living in poverty and community benefit programs	**$ 39,530**	$ 35,294