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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Doing Business As

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

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

D Employer identification number
23-2523395

E Telephone number
(570) 348-1300

G Gross receipts $ 53,786,663

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW ALLIED-SERVICES ORG

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

L Year of formation 1966

M State of legal domicile PA

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	509
6	Total number of volunteers (estimate if necessary)	**6**	110
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	213,238	179,710
	9 Program service revenue (Part VIII, line 2g)	36,523,302	37,173,703
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	688,190	490,021
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	408,931	177,816
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,833,661	38,021,250
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	19,225,680	19,356,721
	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–24e)	14,777,733	14,000,134
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	34,003,413	33,356,855
	19 Revenue less expenses Subtract line 18 from line 12	3,830,248	4,664,395

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	34,827,444	38,312,436
	21 Total liabilities (Part X, line 26)	17,250,808	16,022,484
	22 Net assets or fund balances Subtract line 21 from line 20	17,576,636	22,289,952

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

****** 2013-04-08
Signature of officer — Date

WILLIAM CONABOY PRESIDENT/CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ JULIUS GREEN CPA	Date 2013-04-08	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00350393
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PARENTEBEARD LLC 1650 MARKET STREET SUITE 4500 PHILADELPHIA, PA 19103			EIN ▶ 23-2932984 Phone no ▶ (215) 972-0701

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 27,674,606 including grants of $) (Revenue $ 37,173,703)

OPERATED A REHABILITATION HOSPITAL, LICENSED FOR 103-BEDS, THAT PROVIDED VARIOUS TYPES OF REHABILITATIVE SERVICES ALSO OPERATED 32 LICENSED BEDS AT LOCAL HOSPITALS DURING 2012, THE HOSPITAL HAD 21,325 PATIENT DAYS, OF WHICH 74% WERE MEDICARE THE TOTAL OCCUPANCY FOR THE REHABILITATION HOSPITAL WAS 43% SERVICES WERE PROVIDED TO PATIENTS WHO MET CERTAIN CRITERIA WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES CHARGES FORGONE FOR SERVICES RENDERED AND SUPPLIES FURNISHED UNDER THE CHARITY CARE POLICY AMOUNTED TO $97,847 DURING THE YEAR ENDED JUNE 30, 2012

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

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

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

4e **Total program service expenses** ▶ $ 27,674,606

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 instructions)?	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		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	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		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part 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, Part 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*	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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	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*	**35b**		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**	55		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	509			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate 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	10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
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	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made 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 made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) EDWARD LYNETT CHAIRMAN	1 00	X						0	0	0
(2) THOMAS G SPEICHER VICE CHAIRMAN	1 00	X		X				0	0	0
(3) MICHAEL J ARONICA MD TREASURER	1 00	X		X				0	0	0
(4) RICHARD WEINBERGER DO SECRETARY	1 00	X		X				0	0	0
(5) WILLIAM CONABOY ESQ DIRECTOR	10 00	X						0	511,266	13,638
(6) ROBERT POMENTO DIRECTOR	1 00	X						0	0	0
(7) KENNETH KROGULSKI CFA DIRECTOR	1 00	X						0	0	0
(8) SHERRY DAVIDOWITZ DIRECTOR	1 00	X						0	0	0
(9) JOSEPH SAVITZ ESQ DIRECTOR	1 00	X						0	0	0
(10) THOMAS MELONE CPA CHAIRMAN	1 00	X		X				0	0	0
(11) JACQUELINE BROZENA ASST SECRETARY	10 00			X				0	276,090	6,088
(12) MICHAEL AVVISATO ASST TREASURER	10 00			X				0	276,289	10,161
(13) ROBERT COLE VICE PRESIDENT	40 00					X		140,140	0	10,488
(14) DIANA POPE-ALBRIGHT ASST VICE PRESIDENT	40 00					X		108,329	0	10,568
(15) JOHN HARVEY DIRECTOR OF PSYCHOLOGY	40 00					X		111,689	0	3,589
(16) BONNIE HALUSKA ASST VICE PRESIDENT	40 00					X		113,539	0	6,041

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								473,697	1,063,645	60,573

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

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
OWENS AND MINOR INC 9120 LOCKWOOD BOULEVARD MECHANICSVILLE, VA 23116	MEDICAL SUPPLIES	1,439,367
XPEDX PO BOX 644520 PITTSBURGH, PA 15264	CLEANING SUPPLIES	515,691
NORTHEAST REHAB ASSOCIATES 5 MORGAN HIGHWAY SCRANTON, PA 18508	HEALTHCARE SERVICES	446,890
MASLOW LUMIA BARTORILLO 182 NORTH FRANKLIN STREET WILKES BARRE, PA 18701	ADVERTISING	411,451
US FOORSERVICE ALLENTOWN 1200 HOOVER AVE ALLENTOWN, PA 18103	FOOD AND DIETARY SUPPLIES	409,832

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 17

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 179,710				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	179,710			
Program Service Revenue		Business Code				
	2a	NET PATIENT SERVICE RE 623000	36,394,616	36,394,616		
	b	PA MODERNIZATION ASSES 623000	779,087	779,087		
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	37,173,703			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	340,160			340,160
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 232,973				
	b	Less rental expenses 221,813				
	c	Rental income or (loss) 11,160				
	d	Net rental income or (loss) . . . . . ▶	11,160			11,160
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 15,693,461				
	b	Less cost or other basis and sales expenses 15,543,600				
	c	Gain or (loss) 149,861				
	d	Net gain or (loss) . . . . . ▶	149,861			149,861
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
		Miscellaneous Revenue / Business Code				
	11a	CAFETERIA & VENDING RE 722210	152,039			152,039
	b	ABSTRACTS REV 561000	14,617			14,617
	c					
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶	166,656			
	12	**Total revenue.** See Instructions . . . ▶	38,021,250	37,173,703	0	667,837

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)

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

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 United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	16,169,049	15,858,452	310,597	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	321,153	314,984	6,169	
9	Other employee benefits	1,387,324	1,360,674	26,650	
10	Payroll taxes	1,479,195	1,450,781	28,414	
11	Fees for services (non-employees)				
a	Management				
b	Legal	3,000		3,000	
c	Accounting	43,419		43,419	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	3,949,465	1,285,153	2,664,312	
12	Advertising and promotion	250,335	249,235	1,100	
13	Office expenses	2,096,663	2,065,713	30,950	
14	Information technology				
15	Royalties . .				
16	Occupancy	1,467,901	831,234	636,667	
17	Travel	129,182	128,722	460	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	66,816	64,270	2,546	
20	Interest	591,028	591,028		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	956,335	927,415	28,920	
23	Insurance	348,130		348,130	
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	EQUIPMENT RENTAL & MAIN	1,084,137	179,610	904,527	
b	PA MODERNIZATION ASSESS	779,087	779,087		
c	HOUSEKEEPING EXPENSE	663,512	663,512		
d	FOOD & FOOD SERVICES	658,053	632,171	25,882	
e					
f	All other expenses	913,071	292,565	620,506	
25	**Total functional expenses.** Add lines 1 through 24f	33,356,855	27,674,606	5,682,249	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1,350	1	1,605
	2	Savings and temporary cash investments		4,560,995	2	5,459,907
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,896,972	4	2,160,716
	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)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		233,232	8	253,429
	9	Prepaid expenses and deferred charges		205,320	9	316,512
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 41,313,393			
	b	Less accumulated depreciation	10b 33,516,398	8,264,664	10c	7,796,995
	11	Investments—publicly traded securities		17,986,859	11	18,523,562
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,678,052	15	3,799,710
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		34,827,444	16	38,312,436
Liabilities	17	Accounts payable and accrued expenses		1,751,050	17	1,925,280
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		14,179,111	20	12,798,025
	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 (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		1,320,647	25	1,299,179
	26	**Total liabilities.** Add lines 17 through 25		17,250,808	26	16,022,484
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		17,576,636	27	22,289,952
	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		17,576,636	33	22,289,952
	34	Total liabilities and net assets/fund balances		34,827,444	34	38,312,436

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	38,021,250
2	Total expenses (must equal Part IX, column (A), line 25)	2	33,356,855
3	Revenue less expenses Subtract line 2 from line 1	3	4,664,395
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	17,576,636
5	Other changes in net assets or fund balances (explain in Schedule O)	5	48,921
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	22,289,952

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

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

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

1 ☐ A church, convention of churches, or association of churches **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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		125,354		125,354
b Buildings		27,002,376	21,102,622	5,899,754
c Leasehold improvements		910,777	712,119	198,658
d Equipment		13,274,886	11,701,657	1,573,229
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				7,796,995

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

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

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

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

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

(a) Description	(b) Book value
(1) DEFERRED FINANCING COSTS, NET	216,897
(2) ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	2,019,747
(3) INTERCOMPANY RECEIVABLES, NET	1,563,066
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	3,799,710

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
INTERCOMPANY PAYABLES, NET	591,538
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	707,641
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,299,179

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	38,021,250
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	33,356,855
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	4,664,395
4	Net unrealized gains (losses) on investments	4	48,921
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	48,921
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	4,713,316

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	38,291,984
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	48,921		
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	48,921
3	Subtract line **2e** from line **1**			3	38,243,063
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	-221,813		
c	Add lines **4a** and **4b**			4c	-221,813
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	38,021,250

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

1	Total expenses and losses per audited financial statements			1	33,578,668
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	221,813		
e	Add lines **2a** through **2d**			2e	221,813
3	Subtract line **2e** from line **1**			3	33,356,855
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	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	33,356,855

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	ALLIED ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES USING A RECOGNITION THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET MANAGEMENT DETERMINED THAT THERE WERE NO TAX UNCERTAINTIES THAT MET THE RECOGNITION THRESHOLD IN 2012 AND 2011 ALLIED'S FEDERAL RETURNS OF ORGANIZATION EXEMPT FROM INCOME TAX FOR THE YEARS ENDED JUNE 30, 2011, 2010 AND 2009 REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICES
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSES -221,813
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 221,813

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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

2011

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? 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 did 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 policy provide 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 charity care 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	Did the organization prepare a community benefit reportduring 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 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)	1	200	94,891		94,891	0 290 %
b Medicaid (from Worksheet 3, column a)	2	750	2,266,136	938,473	1,327,663	3 990 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs	3	950	2,361,027	938,473	1,422,554	4 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	1	45	528,916	320,745	208,171	0 630 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	2	100	72,130		72,130	0 220 %
j **Total** Other Benefits	3	145	601,046	320,745	280,301	0 850 %
k **Total.** Add lines 7d and 7j	6	1,095	2,962,073	1,259,218	1,702,855	5 130 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense 2 166,204			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy 3 94,891			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	26,968,942
6	Enter Medicare allowable costs of care relating to payments on line 5	6	20,876,040
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	6,092,902
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	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

INSTITUTE OF REHABILITATION MEDICINCE

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		No
If "No," indicate why			
a ☑ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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 from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
INSTITUTE OF REHABILITATION MEDICINCE		PART V, SECTION B, LINE 19D SLIDING SCALE BASED ON POVERTY INCOME GUIDELINES

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 UPON REGISTRATION OR ADMISSION, PATIENTS WHO MAY HAVE A SELF PAY BALANCE ARE ADVISED ABOUT ALLIED'S FINANCIAL ASSISTANCE PROGAM AS AN OPTION THE APPLICATION PROCESS TO QUALIFY, ALONG WITH ALL OF THE REQUIREMENTS NECESSARY TO APPLY ARE EXPLAINED APPLICATIONS ARE HANDED TO THESE PATIENTS IN PERSON OR THEY ARE ADVISED THAT THE APPLICATION CAN BE DOWNLOADED VIA ALLIED'S WEBSITE ADDITIONALLY, WHEN PATIENTS ARE CONTACTED ABOUT NON PAYMENT OF THEIR SELF PAY BY THE PATIENT FINANCE DEPARTMENT, THEY ARE AGAIN ADVISED OF THE AVAILABILITY OF THE FINANCIAL ASSISTANCE PROGRAM AS A VIABLE OPTION AND ENCOURAGED TO APPLY IF THEY ARE UNABLE TO AFFORD THEIR MEDICAL BILL INTREPRETER SERVICES ARE MADE AVAILABLE TO NON ENGLISH SPEAKING PATIENTS VIA TELEPHONE OR IN PERSON

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

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 WITHOUT EXCEPTION, OUR AFFILIATE ORGANIZATIONS/PROGRAMS EACH PLAY UNIQUE AND CRITICAL FUNCTIONS IN OUR REGION'S CONTINUUM OF CARE FOR PERSONS WITH DISABILITIES AND THE AGED THESE INCLUDE ALLIED SKILLED NURSING & REHABILITATION CENTER, SCRANTON ("SNRC") NOW IN ITS 31ST YEAR, THE CENTER IS HOME TO SOME 376 PERSONS WHOSE CHRONIC ILLNESS AND/O R SEVERE DISABILITIES DEMAND ROUND-THE-CLOCK, SKILLED CARE THE CENTER IS RECOGNIZED FOR I TS SERVICES TO MEDICALLY-COMPLEX, TECHNOLOGY-DEPENDENT PATIENTS, INCLUDING THOSE WHO NEED RESPIRATORS, HEMODIALYSIS OR SPECIALIZED PROGRAMS FOR DEMENTIA ABOUT 70% TO 80% OF SNRC R ESIDENTS ARE ECONOMICALLY DISADVANTAGED (MEDICAID-ELIGIBLE) A FAR HIGHER PERCENTAGE THAN MOST LONG-TERM CARE ORGANIZATIONS IN THE REGION AND STATE THESE ATTRIBUTES MAKE THE CENTE R AN ESSENTIAL HEALTH CARE RESOURCE FOR A GROWING POPULATION OF SENIORS IN NORTHEASTERN AN D CENTRAL PENNSYLVANIA, AS WELL AS THEIR PHYSICIANS, CAREGIVERS AND FAMILIES ALLIED SERVI CES FOUNDATION HAS TRANSFERRED APPROXIMATELY $20,000,000 OF CASH THAT WAS FUNDED BY ALLIED 'S 2 REHABILITATION HOSPITALS TO THE SKILLED NURSING CENTER THE TRANSFER WAS MADE NECESSA RY BY A LACK OF FUNDING TO ALLIED'S SKILLED NURSING CENTER BY THE MEDICAL ASSISTANCE PROGR AM OVER THE PAST SEVERAL YEARS ALLIED TERRACE THE TERRACE IS A MODERN, WELL-APPOINTED, FU LL SERVICE ASSISTED LIVING FACILITY FOR SENIORS WHO ARE ABLE TO LIVE INDEPENDENTLY IF PROV IDED WITH HELP FOR MEALS, HOUSEKEEPING, LAUNDRY AND PERSONAL CARE CONSISTENT WITH NATIONA L AND REGIONAL TRENDS, THE TERRACE IS SERVING THE FAST-GROWING COMMUNITY OF SENIORS WHO AR E SUCCESSFULLY "AGING IN PLACE", THANKS TO INTENSIVE, HIGH-QUALITY SUPPORT SERVICES---E G , MEDICATION MANAGEMENT, IN-HOME HEALTH AND PERSONAL CARE---TO ENSURE THEIR CONTINUED HEAL TH AND SAFETY IN THIS WAY, ALLIED TERRACE IS EXTENDING AND ENRICHING THE LIVES OF ITS 60 RESIDENTS, WHILE REDUCING THEIR RISK (AND POTENTIAL COSTS) OF INJURY, DEBILITATION, ACUTE ILLNESS, HOSPITALIZATION OR INSTITUTIONALIZATION ALLIED CONTINUING CARE RETIREMENT COMMUN ITY ALLIED CCRC WAS FORMED IN 2006 FOR THE PURPOSES OF PROVIDING INDEPENDENT LIVING SERVI CES IN SPACE LEASED FROM ALLIED TERRACE, SENIORS WHO ARE CAPABLE OF INDEPENDENTLY MANAGIN G ACTIVITIES OF DAILY LIVING---MEAL PREPARATION, LIGHT HOUSEKEEPING, SELF-CARE, ETC ---OCC UPY THESE UNITS, WHILE ENJOYING FULL ACCESS TO THE TERRACE'S SOCIAL AND RECREATIONAL OPPOR TUNITIES TWO INDIVIDUALS OCCUPIED CCRC UNITS DURING THIS PERIOD VOCATIONAL SERVICES FOR OVER 50 YEARS, ALLIED'S VOCATIONAL SERVICES PROGRAMS HAVE PROVIDED TRAINING AND GAINFUL EM PLOYMENT TO TEENS AND ADULTS WITH PHYSICAL, INTELLECTUAL AND DEVELOPMENTAL DISABILITIES E ACH YEAR, OVER 500 PARTICIPANTS ARE INVOLVED IN PROJECTS THAT ENHANCE THEIR SKILLS, EMPLOY ABILITY AND SELF-RELIANCE WHILE OUR VOCATIONAL PROGRAMS DRAW UPON STATE AND FEDERAL TRAIN ING DOLLARS, THE JOBS THEMSELVES DEPEND UPON A CONTINUAL SUPPLY OF WORK FROM BUSINESS AND INDUSTRY PARTNERS, FOR SERVICES SUCH AS PACKAGING, LIGHT ASSEMBLY, SORTING, SCANNING, MAIL ING, CLEANING AND LANDSCAPING ONGOING COMMUNITY FUNDRAISING ENSURES THAT ALLIED MAINTAINS THE SKILLED STAFF, SPECIALIZED EQUIPMENT AND FACILITIES TO KEEP THIS DIVERSE "ENTERPRISE" PRODUCTIVE AND GROWING THE RESULT TRAINING, JOB, EDUCATIONAL AND SOCIAL OPPORTUNITIES F OR DISABLED INDIVIDUALS WHO MIGHT OTHERWISE BE ISOLATED AND IDLE AT HOME DEVELOPMENTAL SER VICES FOR ADULTS WHO HAVE BOTH INTELLECTUAL AND PHYSICAL DISABILITIES/ILLNESSES, ALLIED'S INTERMEDIATE CARE FACILITY IS A COMFORTABLE, SAFE RESIDENTIAL ENVIRONMENT WHERE SKILLED N URSING AND PERSONAL SUPERVISION ARE AVAILABLE "24-7" RESIDENTS RECEIVE MEALS, PERSONAL CA RE (DRESSING, BATHING, GROOMING, ETC), MEDICAL AND MEDICATION MANAGEMENT, SOCIAL AND RECR EATIONAL PROGRAMS IN A HOME-LIKE SETTING FOR CONSUMERS WHO ARE ABLE TO LIVE MORE INDEPEND ENTLY, ALLIED OFFERS A RANGE OF COMMUNITY LIVING OPTIONS IN SMALL GROUP HOMES THROUGHOUT T HE REGION IN ALL PROGRAM SETTINGS, HOWEVER, OUR DEVELOPMENTAL PROGRAMS HAVE MET A GROWING REGIONAL DEMAND FOR RESIDENTIAL CARE FOR OLDER ADULTS WHOSE INTELLECTUAL AND COMPLEX PHYS ICAL DISABILITIES/MEDICAL CONDITIONS DEMAND MORE INTENSIVE, SPECIALIZED LEVELS OF CARE AT THE URGING OF LOCAL AND REGIONAL AUTHORITIES, ALLIED HAS ASSUMED THIS ROLE WITH A LONG A ND SUCCESSFUL TRACK RECORD IN MEDICAL REHAB, LONG-TERM CARE, SKILLED NURSING AND PROGRAM M ANAGEMENT, ALLIED IS UNIQUELY QUALIFIED TO MEET THE DEMAND BEHAVIORAL SERVICES SIMILARLY, OUR BEHAVIORAL SERVICES HAVE EXPANDED BOTH GEOGRAPHICALLY AND PROGRAMMATICALLY IN RECENT YEARS, PROVIDING SPECIALIZED RESIDENTIAL AND COMMUNITY-BASED SERVICES TO THE CHRONICALLY M ENTALLY ILL STAFF MEMBERS WORK WITH CONSUMERS AS THEY RE-CONNECT WITH JOBS, FAMILIES, PEE R AND COMMUNITY RESOURCES AS THEY PURSUE SOBRIETY, PHYSICAL AND MENTAL HEALTH, AND INDEPEN DENT LIVING THROUGH AN INTENSIVE PROGRAM OF COUNSELING AND BEHAVIORAL SUPPORTS, THE PROGR AM ATTACKS LONGSTANDING PATTERNS OF MENTAL HEALTH

Identifier	ReturnReference	Explanation
		CRISES, HOSPITALIZATION AND/OR INSTITUTIONALIZATION (AND RELATED "COSTS" TO INDIVIDUALS AN D COMMUNITIES) ALLIED PROJECT OPPORTUNITY LOCATED IN JERMYN, (LACKAWANNA COUNTY) PA , THE SIX UNITS OF HOUSING ARE MANAGED BY ALLIED'S BEHAVIORAL HEALTH DIVISION INDIVIDUALS WHO ARE RECOVERING FROM CHRONIC MENTAL HEALTH PROBLEMS FIND SAFE, PLEASANT, AFFORDABLE ACCOMMO DATIONS AT PROJECT OPPORTUNITY, SUBSIDIZED BY THE HUD SECTION 8 PROGRAM DURING THE PERIOD , 15 INDIVIDUALS WERE SERVED HERE HOME HEALTH & IN-HOME SERVICES THESE PROGRAMS PROVIDE ESSENTIAL MEDICAL AND SUPPORT SERVICES TO PERSONS WITH DISABILITIES THROUGHOUT A 22-COUNTY AREA OF NORTHEASTERN/CENTRAL PENNSYLVANIA REGISTERED NURSES, PHYSICAL AND OCCUPATIONAL T HERAPISTS, PERSONAL CARE AND HOME CARE WORKERS HELP KEEP THEM HEALTHY AND SAFE AT HOME AC TIVITIES RANGE FROM MAKING MEALS OR DOING HOUSEHOLD CHORES, OR MONITORING THE PATIENT'S PH YSICAL AND MENTAL HEALTH, TO ADDRESSING MEDICAL OR POST-SURGICAL NEEDS SUCH AS WOUND DRESS ING, MEDICATION MANAGEMENT, ETC THE HEALTH EDUCATION, MEDICAL SUPPORT, PRACTICAL ASSISTAN CE AND CASE MANAGEMENT PROVIDED BY IN-HOME AND HOME HEALTH PROFESSIONALS ARE ESSENTIAL TO THE HEALTH, LIFE QUALITY AND INDEPENDENCE OF THEIR CONSUMERS ABSENT SUCH PROGRAMS, EXTEND ED HOSPITALIZATIONS, RE-HOSPITALIZATION AND/OR INSTITUTIONALIZATION WOULD BE UNAVOIDABLE A LLIED SERVICES FOUNDATION THE FOUNDATION IS THE COMMUNITY RELATIONS AND FUNDRAISING ARM O F ALLIED SERVICES THE FOUNDATION'S FUNDRAISING APPEALS, SPONSORSHIP AND GRANT SOLICITATIO NS GENERATE SUPPORT FOR ALLIED'S PEDIATRIC PROGRAMS, DEPAUL SCHOOL, VOCATIONAL PROGRAMS AN D OTHER COMMUNITY SERVICES THIS DEPARTMENT ALSO COORDINATES THE COMMUNITY VOLUNTEERS AND EMPLOYEE VOLUNTEERS WHO HELP TO RAISE FUNDS AND PROVIDE IN-KIND, NON-MEDICAL SERVICES TO O UR RESIDENTS, PATIENTS AND CONSUMERS PUBLIC RELATIONS, OUTREACH, INTERNAL COMMUNICATIONS, CHARITABLE FUND COMPLIANCE AND ACCOUNTABILITY ARE ALSO AMONG THE FOUNDATION'S DUTIES

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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) WILLIAM CONABOY ESQ	(i)	0	0	0	0	0	0	0
	(ii)	511,266	0	0	0	13,638	524,904	0
(2) JACQUELINE BROZENA	(i)	0	0	0	0	0	0	0
	(ii)	276,090	0	0	0	6,088	282,178	0
(3) MICHAEL AVVISATO	(i)	0	0	0	0	0	0	0
	(ii)	276,289	0	0	0	10,161	286,450	0
(4) ROBERT COLE	(i)	140,140	0	0	0	10,488	150,628	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

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

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

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

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

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

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

Identifier	Return Reference	Explanation
	FORM 990, PART VII, COLUMN B	CERTAIN INDIVIDUALS LISTED ON 990 PART VII SPENT TIME ON RELATED ORGANIZATIONS ACTIVITIES THE FOLLOWING SUMMARIZES THOSE INDIVIDUALS AND THE ESTIMATED AVERAGE NUMBER OF HOURS SPENT ON RELATED ORGANIZATIONS ACTIVITIES THOMAS MELONE, CPA 5 HOURS THOMAS G SPEICHER 4 HOURS RICHARD WEINBERGER, D O 1 HOUR MICHAEL J ARONICA, M D 3 HOURS JACQUELINE BROZENA 30 HOURS MICHAEL AVVISATO 30 HOURS WILLIAM CONABOY, ESQ 30 HOURS SHERRY DAVIDOWITZ 1 HOUR KENNETH KROGULSKI, CFA 7 HOURS EDWARD LYNETT 2 HOURS ROBERT POMENTO 1 HOUR JOSEPH SAVITZ, ESQ 1 HOUR

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 48,921

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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

2011

Open to Public Inspection

Name of the organization
ALLIED SERVICES INSTITUTE OF REHABILITATION MEDICINE

Employer identification number
23-2523395

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

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

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
ALLIED SERVICES CONTINUING CARE 100 TERRACE LANE SCRANTON, PA 18508 20-4472148	PROVIDE INDEPENDENT LIVING SERVICES	PA	501(C)(3)	11A	ALLIED SERVICES FOUNDATION		No
ALLIED HEALTH CARE SERVICES 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 24-0860110	PROVIDE HEALTH CARE SERVICES TO ELDERLY AND MENTALLY CHALLENGED	PA	501(C)(3)	3	ALLIED SERVICES FOUNDATION		No
ALLIED SERVICES FOUNDATION 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 23-2523682	INVESTED FUNDS FOR RELATED ENTITIES TO SUPPORT THEIR MISSIONS	PA	501(C)(3)	7	N/A		No
ALLIED PROJECT OPPORTUNITY 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 23-2523680	PROVIDE LOW INCOME HOUSING	PA	501(C)(3)	9	ALLIED HEALTH CARE SERVICES		No
ALLIED NORTHEAST APARTMENTS 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 23-2523679	INACTIVE	PA	501(C)(3)	9	ALLIED HEALTH CARE SERVICES		No
ALLIED SERVICES PERSONAL CARE INC 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 23-2862231	OPERATE A PERSONAL CARE FACILITY	PA	501(C)(3)	3	ALLIED SERVICES FOUNDATION		No
ALLIED SERVICES SKILLED NURSING CENTER 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 23-2523688	OPERATE A SKILLED AND INTERMEDIATE NURSING FACILITY	PA	501(C)(3)	3	ALLIED SERVICES FOUNDATION		No
THE BURNLEY WORKSHOP OF THE POCONOS INC 4219 MANOR DRIVE STROUDSBURG, PA 18360 23-1642528	OPERATE A VOCATIONAL REHABILITATION FACILITY	PA	501(C)(3)	7	ALLIED HEALTH CARE SERVICES		No
JOHN HEINZ INSTITUTE OF REHABILITATION MEDICINE 100 ABINGTON EXECUTIVE PARK CLARKS SUMMIT, PA 18411 23-2262852	OPERATE A REHABILITATIVE HOSPITAL	PA	501(C)(3)	3	ALLIED SERVICES FOUNDATION		No
RISK RETENTION GROUP 1327 ASHLEY RIVER ROAD BLDG C SUITE CHARLESTON, SC 29401 20-1177431	PROVIDE INSURANCE, CLAIMS DEFENSE, ADMINISTRATION & INDEMNITY TO AFFILIATES	SC	501(C)(3)	11C	ALLIED SERVICES FOUNDATION		No

Allied Services Foundation and Controlled Entities

Financial Statements and
Supplementary Information

June 30, 2012 and 2011

Allied Services Foundation and Controlled Entities

Table of Contents
June 30, 2012 and 2011

ParenteBeard

Independent Auditors' Report

Board of Directors
Allied Services Foundation

We have audited the accompanying consolidated balance sheet of Allied Services Foundation and controlled entities (collectively, "Allied") as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of Allied's management Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Allied Services Foundation and controlled entities as of June 30, 2012 and 2011, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

ParenteBeard LLC

Wilkes-Barre, Pennsylvania
November 13, 2012

Allied Services Foundation and Controlled Entities

Consolidated Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 4,638,048	$ 8,465,415
Restricted cash, resident funds	282,652	259,852
Assets whose use is limited	53,410	46,373
Accounts receivable (net of estimated allowance for doubtful collections of $2,352,000 in 2012 and $2,412,000 in 2011)	17,368,825	14,350,407
Estimated third-party payor settlements	3,869,878	2,185,990
Inventories	1,178,620	1,103,329
Prepaid expenses and other current assets	2,460,003	1,706,390
Total current assets	29,851,436	28,117,756
Assets Whose Use is Limited	9,200,653	8,292,364
Investments	50,463,965	48,670,954
Property and Equipment, Net	38,235,870	38,049,402
Other Assets	50,000	-
Deferred Financing Costs, Net	273,259	320,021
Total assets	$ 128,075,183	$ 123,450,497

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 3,812,574	$ 3,689,442
Accounts payable and accrued expenses	3,535,427	3,971,629
Estimated third-party payor settlements	4,432,429	2,768,435
Accrued workers' compensation	1,404,000	1,372,000
Accrued payroll and related liabilities	6,396,139	6,600,200
Accrued interest	954	18,618
Resident funds	282,652	259,852
Total current liabilities	19,864,175	18,680,176
Long-Term Debt	17,990,724	22,610,982
Pension Liability	16,039,769	7,492,507
Malpractice and General Liability	2,647,469	2,517,883
Workers' Compensation	3,816,449	3,493,049
Total liabilities	60,358,586	54,794,597
Net Assets		
Unrestricted	64,221,561	65,268,461
Temporarily restricted	1,419,477	1,326,374
Permanently restricted	2,075,559	2,061,065
Total net assets	67,716,597	68,655,900
Total liabilities and net assets	$ 128,075,183	$ 123,450,497

See notes to consolidated financial statements

Allied Services Foundation and Controlled Entities

Consolidated Statement of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenues		
Net patient service revenues	$ 125,284,457	$ 126,015,274
Pennsylvania hospital and nursing home assessments	3,245,566	2,673,789
Other revenues	34,179,099	33,167,758
Net assets released from restrictions	134,939	110,499
Total unrestricted revenues	162,844,061	161,967,320
Expenses		
Salaries, wages, and contract labor	93,197,962	89,869,521
Supplies and expenses	35,143,316	36,158,463
Employee benefits	18,731,305	18,016,675
Depreciation and amortization	5,026,867	4,898,742
Interest expense	1,113,657	1,317,869
Pennsylvania hospital and nursing home assessments	2,072,608	1,705,221
Provision for doubtful collections	746,387	892,458
Total expenses	156,032,102	152,858,949
Operating income	6,811,959	9,108,371
Investment Income	1,632,074	4,630,332
Revenues in excess of expenses	8,444,033	13,738,703
Pension Liability Adjustment	(9,784,710)	4,667,941
Net Assets Released from Restrictions for Purchase of Property and Equipment	293,777	191,302
(Decrease) increase in unrestricted net assets	$ (1,046,900)	$ 18,597,946

See notes to consolidated financial statements

Allied Services Foundation and Controlled Entities

Consolidated Statement of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	$ 8,444,033	$ 13,738,703
Pension liability adjustment	(9,784,710)	4,667,941
Net assets released from restrictions for purchase of property and equipment	293,777	191,302
(Decrease) increase in unrestricted net assets	(1,046,900)	18,597,946
Temporarily Restricted Net Assets		
Contributions	513,877	876,373
Investment income	7,942	4,137
Net assets released from restrictions for		
Operations	(134,939)	(110,499)
Purchase of property and equipment	(293,777)	(191,302)
Increase in temporarily restricted net assets	93,103	578,709
Increase in Permanently Restricted Net Assets		
Contributions and investment income	14,494	66,242
(Decrease) increase in net assets	(939,303)	19,242,897
Net Assets, Beginning	68,655,900	49,413,003
Net Assets, Ending	$ 67,716,597	$ 68,655,900

See notes to consolidated financial statements

Allied Services Foundation and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (939,303)	$ 19,242,897
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation and amortization	5,026,867	4,898,742
Provision for doubtful collections	746,387	892,458
Net realized gain on sales of investments	(350,753)	(590,926)
Restricted contributions and investment income	(193,130)	(337,627)
Net unrealized gain on investments	(170,510)	(2,673,599)
Pension liability adjustment	9,784,710	(4,667,941)
Changes in assets and liabilities		
Accounts receivable	(3,764,805)	(498,135)
Estimated third-party payor settlements	(19,894)	1,679,856
Inventories	(75,291)	(140,586)
Prepaid expenses and other current assets	(753,613)	(52,461)
Accounts payable and accrued expenses	(657,927)	(1,259,057)
Malpractice and general liability	129,586	339,168
Pension liability	(1,237,448)	90,959
Workers' compensation	355,400	350,000
Net cash provided by operating activities	7,880,276	17,273,748
Cash Flows from Investing Activities		
Net purchases of investments	(2,187,074)	(11,193,739)
Increase in other assets	(50,000)	-
Purchase of property and equipment	(5,166,573)	(4,425,290)
Net cash used in investing activities	(7,403,647)	(15,619,029)
Cash Flows from Financing Activities		
Repayment of long-term debt	(4,497,126)	(3,604,814)
Proceeds from long-term debt	-	100,000
Proceeds from restricted contributions and investment income	193,130	337,627
Net cash used in financing activities	(4,303,996)	(3,167,187)
Net decrease in cash and cash equivalents	(3,827,367)	(1,512,468)
Cash and Cash Equivalents, Beginning	8,465,415	9,977,883
Cash and Cash Equivalents, Ending	$ 4,638,048	$ 8,465,415
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 1,131,321	$ 1,321,703
Supplemental Schedule of Noncash Financing and Investing Activities		
Obligations incurred under capital lease for equipment	$ -	$ 308,879

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

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

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

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

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

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

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

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

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

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

All significant intercompany balances and transactions have been eliminated in consolidation

Allied's primary service area includes Northeastern Pennsylvania

Cash and Cash Equivalents

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

Accounts Receivable

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

Resident Funds

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

Assets Whose Use is Limited

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

Investments and Investment Risk

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

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

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

Inventories

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

Property and Equipment

Property and equipment acquisitions are recorded at cost Depreciation is computed using the straight-line method over the estimated useful lives of the assets Depreciation was $4,980,105 in 2012 and $4,851,973 in 2011

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Deferred Financing Costs

Deferred financing costs of $562,362 consist of costs related to long-term debt financings which are amortized over the term of the applicable debt, generally using an effective interest method Amortization was $46,762 in 2012 and $46,769 in 2011 Accumulated amortization was $289,103 and $242,341 at June 30, 2012 and 2011, respectively

Estimated Medical Malpractice and General Liability Costs

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenues

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

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined It is reasonably possible that the estimates used could change in the near term

Other Revenues

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

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

AHCS also has an agreement with the Pennsylvania Department of Public Welfare ("DPW") to provide Personal Assistant Services ("PAS") to the elderly and physically disabled in certain Pennsylvania counties The PAS are provided through two different DPW programs, or "Models", the PAS Consumer Model and the PAS Agency Model The majority of AHCS' PAS have historically been provided through the PAS Consumer Model Services provided through the PAS Consumer Model and PAS Agency Model have been paid on a fee-for-service basis and reported in the period services are rendered The recorded amounts are subject to audit by DPW

AHCS was notified by DPW that, effective January 1, 2011, agencies providing PAS through the Consumer Model were required to enroll as a separate entity (Fiscal/Employer Agent) with a separate bank account for payroll services for consumer employers to clearly delineate between the PAS Consumer Model funds and PAS Agency Model funds As a result of this change, allowable costs for the PAS Consumer Model only include payroll and related expenses In effect, DPW changed the reimbursement system effective January 1, 2011 for PAS through the Consumer Model from a prospective (fee-for-service) system to a cost-based system This decrease in allowable costs also resulted in a decrease in the revenues recognized by AHCS for services provided under the PAS Consumer Model effective January 1, 2011 This change continues to be contested by a coalition of agencies participating in the Consumer Model, including AHCS

Through June 30, 2012, DPW continued to reimburse AHCS for services provided through the PAS Consumer Model using its pre-January 1, 2011 reimbursement (fee-for-service) methodology As a result, AHCS estimated an amount due to DPW of $2,074,000 and $769,000 at June 30, 2012 and 2011, respectively This amount is included in estimated third-party payor settlements (liability) in the consolidated balance sheet It is reasonably possible that this estimate could change in the near term

Effective November 1, 2012, AHCS is no longer providing services through the PAS Consumer Model AHCS does, however, continue to provide PAS through the PAS Agency Model Management does not believe that the discontinuation of PAS through the Consumer Model will have a material adverse effect on AHCS or Allied's overall operations

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

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

Donor-Restricted Gifts

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

Advertising Costs

Advertising costs are expensed as incurred and were approximately $748,000 in 2012 and $702,000 in 2011

Income Taxes

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

Allied's federal Returns of Organization Exempt from Income Tax for the years ended June 30, 2011, 2010, and 2009 remain subject to examination by the Internal Revenue Service

Allied accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority Measurement of the tax uncertainty occurs if the recognition threshold has been met Management determined that there were no tax uncertainties that met the recognition threshold in 2012 and 2011

Revenues in Excess of Expenses

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Reclassifications

Certain amounts relating to 2011 were reclassified to conform to the 2012 presentation

Subsequent Events

Allied evaluated subsequent events for recognition or disclosure through November 13, 2012, the date the consolidated financial statements were available to be issued

New Accounting Standard

In August 2010, the Financial Accounting Standards Board issued Accounting Standards Update 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which amended guidance relating to the presentation of insurance claims and related insurance recoveries The guidance clarifies that health care entities may not net insurance recoveries against a related claim liability In addition, the amount of the claim liability should be determined without consideration of insurance recoveries, if any, and should be measured and presented separately within the balance sheet Primary medical and professional liability and general liability coverage for Allied is provided through the RRG Allied is not expecting any material insurance recoveries, as a result, the adoption of the amended guidance did not impact the Allied's consolidated financial statements

2. Net Patient Service Revenues

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

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

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

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

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

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

Pennsylvania Hospital and Nursing Home Assessments

Effective July 1, 2010, ASIRM and Heinz are subject to a Quality Care Assessment imposed by DPW under Pennsylvania Act 49 of 2010 (the "Act") The Act requires ASIRM and Heinz to pay an assessment on its net inpatient revenue from their 2008 federal fiscal year cost reports In turn, ASIRM and Heinz receive additional reimbursement from DPW and the Hospital and Healthsystem Association of Pennsylvania Assessments paid by ASIRM and Heinz were $1,407,611 in 2012 and $1,289,582 in 2011 and the additional reimbursement received by ASIRM and Heinz was $1,407,611 in 2012 and $1,289,582 in 2011

DPW also requires SNC to pay an assessment on its nursing facility days, excluding Medicare Part A days In turn, DPW provides additional reimbursement to SNC This program is a result of Pennsylvania's effort to increase the federal share of Medical Assistance funding Assessments paid were $664,997 in 2012 and $415,639 in 2011 and the additional reimbursement received was $1,837,955 in 2012 and $1,384,207 in 2011

Enhanced Supplemental Payment

During 2011, DPW offered certain qualifying nonpublic nursing facilities an Enhanced Supplemental Payment ("ESP") The ESP was part of DPW's ongoing efforts to ensure that Medical Assistance recipients continue to receive access to medically necessary nursing facility services and that those services result in quality care that improves the lives of those who receive them

In order for DPW to authorize the ESP to SNC, SNC was required to execute a Nursing Facility Provider Certification and Settlement Agreement (the "Agreement") whereby SNC agreed to withdraw and/or to not file or pursue any appeals, claims, or proceedings related to SNC's Case Mix Reimbursement for the period July 1, 2008 through June 30, 2011 SNC executed the Agreement in March 2011 and, as a result, received an ESP of $503,414 This amount is included in 2011 net patient service revenues in the consolidated statement of operations

Prior Year Third-Party Payor Settlements

Allied's 2012 net patient service revenues were increased by approximately $500,000 as a result of prior year third party payor settlements related to SNC

3. Assets Whose Use is Limited and Investments

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

	2012	2011
Cash and cash equivalents	$ 5,068,632	$ 3,210,388
Certificates of deposit	1,076,527	2,295,107
Mutual funds, fixed income		
Ultra-short bond	1,344,322	5,978,008
Short-term bond	6,125,175	9,937,582
Intermediate-term bond	10,471,544	13,326,482
Non-traditional bond	-	1,246,506
Mutual funds, equity	1,064,491	1,063,254
Exchange traded funds, equity		
Large blend	475,252	5,394,787
Foreign large blend	135,392	162,979
Equity securities	19,513,479	14,394,598
Corporate bonds	5,546,232	-
U S government securities		
Treasury notes	4,666,979	-
Agency obligations	4,230,003	-
Total	$ 59,718,028	$ 57,009,691

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

	2012	2011
Assets whose use is limited, current	$ 53,410	$ 46,373
Assets whose use is limited, non current	9,200,653	8,292,364
Investments	50,463,965	48,670,954
Total	$ 59,718,028	$ 57,009,691

Investment Return

Unrestricted investment income is comprised of the following

	2012	2011
Interest and dividend income	$ 1,110,811	$ 1,365,807
Net realized gain on sales of investments	350,753	590,926
Net unrealized gain on investments	170,510	2,673,599
Total	$ 1,632,074	$ 4,630,332

4. Fair Value Measurements and Financial Instruments

Fair Value Measurements

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

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value The hierarchy prioritizes the inputs used in determining valuations into three levels The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement

The levels of the fair value hierarchy are as follows

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

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

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

The fair value of assets whose use is limited and investments were measured using the following inputs at June 30, 2012 and 2011

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
June 30, 2012			
Cash and cash equivalents	$ 5,068,632	$ 5,068,632	$ -
Certificates of deposit	1,076,527	-	1,076,527
Mutual funds, fixed income			
Ultra-short bond	1,344,322	1,344,322	-
Short-term bond	6,125,175	6,125,175	-
Intermediate-term bond	10,471,544	10,471,544	-
Mutual funds, equity	1,064,491	1,064,491	-
Exchange traded funds, equity			
Large blend	475,252	475,252	-
Foreign large blend	135,392	135,392	-
Equity securities	19,513,479	19,513,479	-
Corporate bonds	5,546,232	5,546,232	-
U S government securities			
Treasury notes	4,666,979	4,666,979	-
Agency obligations	4,230,003	4,230,003	-
Total	$ 59,718,028	$ 58,641,501	$ 1,076,527
June 30, 2011			
Cash and cash equivalents	$ 3,210,388	$ 3,210,388	$ -
Certificates of deposit	2,295,107	1,227,544	1,067,563
Mutual funds, fixed income			
Ultra-short bond	5,978,008	5,978,008	-
Short-term bond	9,937,582	9,937,582	-
Intermediate-term bond	13,326,482	13,326,482	-
Non-traditional bond	1,246,506	1,246,506	
Mutual funds, equity	1,063,254	1,063,254	-
Exchange traded funds, equity			
Large blend	5,394,787	5,394,787	-
Foreign large blend	162,979	162,979	-
Equity securities	14,394,598	14,394,598	-
Total	$ 57,009,691	$ 55,942,128	$ 1,067,563

Allied had no financial instruments measured at fair value using Level 3 inputs at June 30, 2012 and 2011

Financial Instruments

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

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

The carrying amount of long-term debt, excluding Allied Services Housing loan, approximates fair value at June 30, 2012 and 2011 based on borrowing rates available to Allied for debt with similar terms, maturities, and credit risk

Since terms could not be duplicated in the market for a Pennsylvania Housing Finance Agency loan, it was not practicable to compute the fair value of this mortgage payable maintained by Allied Services Housing whose carrying value was $123,700 and $128,513 at June 30, 2012 and 2011, respectively (Note 7)

5. Property and Equipment, Net

Property and equipment and accumulated depreciation consist of the following

	2012	2011
Land and land improvements	$ 11,840,441	$ 11,270,083
Buildings and improvements	84,891,912	84,727,327
Furniture and equipment	41,218,386	41,502,599
Construction-in-progress	2,009,908	545,736
Total	139,960,647	138,045,745
Less accumulated depreciation	101,724,777	99,996,343
Property and equipment, net	$ 38,235,870	$ 38,049,402

6. Demand Note Payable

Allied maintains a $1,000,000 unsecured bank line of credit Borrowings bear interest at the greater of the National Prime Rate (3 25% at June 30, 2012) or 4% The line of credit expires February 28, 2013 There were no borrowings at June 30, 2012 and 2011

7. Revenue Notes, Mortgages, and Notes Payable

Revenue notes, mortgages, and notes payable are as follows

	2012	2011
Allied Terrace		
Northeast Pennsylvania Hospital and Educational Authority ("NPHE Authority"), Series of 2007 Revenue Note, through June 2012, monthly payments of $36,393, including interest at 4 7%, were due, beginning July 2012, monthly payments of $36,393, including interest at 3 49%, are due, final payment scheduled in August 2019 The note is collateralized by a first mortgage on Allied Terrace's property and equipment, a first priority security interest in the gross receipts of Allied Terrace, and the unconditional guaranty of the Foundation	$ 2,755,594	$ 3,054,738
ASIRM		
Wyoming Industrial Development Authority ("WID Authority"), Series of 2007 Revenue Note, through June 2012, monthly payments of $90,982, including interest at 4 7%, were due, beginning July 2012, monthly payments of $90,982, including interest at 3 49%, are due, final payment scheduled in August 2019 The note is collateralized by a first mortgage on ASIRM's property and equipment, a first priority security interest in the gross receipts of ASIRM, and the unconditional guaranty of the Foundation	6,888,986	7,636,885
WID Authority, Series of 2008 Revenue Note, through June 2012, monthly payments of $77,335, including interest at 4 7%, were due, beginning July 2012, monthly payments of $77,335, including interest at 3 49%, are due, final payment scheduled in September 2019 The note is collateralized by a first mortgage on ASIRM's property and equipment, a first priority security interest in the gross receipts of ASIRM, and the unconditional guaranty of the Foundation	5,909,039	6,542,226

	2012	2011
Heinz		
NPHE Authority, Series of 2007 Revenue Note, through June 2012, monthly payments of $63,873, including interest at 4 7%, were due, beginning July 2012, monthly payments of $63,873, including interest at 3 15%, are due, final payment scheduled in December 2013 The note is collateralized by a first mortgage on Heinz's property and equipment, a first priority security interest in the gross receipts of Heinz, and the unconditional guaranty of the Foundation	$ 1,108,076	$ 1,804,404
Mortgage payable to Luzerne County, through the Business Development Loan Program, due in monthly payments of $4,656, including interest at 1 5%, through June 2022 The loan is secured by an irrevocable letter of credit assigned to Luzerne County in the amount of $750,000 expiring May 1, 2013 and the unconditional guaranty of the Foundation	514,480	562,241
Capital lease obligation repaid in 2012	-	4,108
SNC		
Scranton-Lackawanna Health and Welfare Authority, Series of 2001 Revenue Note, due in annual installments of $544,167, through June 2012, interest was payable monthly at 5 3%, beginning July 2012, interest is payable monthly at 3 15% The loan is secured by a first mortgage on all land, buildings, and equipment of SNC and the unconditional guaranty of the Foundation	1,088,334	1,632,500
Mortgage payable repaid in 2012	-	293,776

	2012	2011
Foundation		
City of Wilkes-Barre Industrial Development Authority, Series of 1999 Revenue Note, due in monthly payments of $9,587, including interest at 5 15%, outstanding balance paid in full in August 2012	$ 220,865	$ 321,501
Controlled Entities and Divisions of AHCS		
Allied Services Housing		
9 25% mortgage note requiring monthly principal and interest payments of $1,375 through April 2025, collateralized by substantially all property and equipment of the related project	123,700	128,513
Allied Medical Arts Centers		
Mortgage and loan payable repaid in 2012	-	764,728
Allied Services Home Office		
Mortgage payable, through May 2012, monthly payments of $33,940, including interest at 5%, were due, beginning June 2012, monthly payments of $33,940, including interest at 3 5%, are due, final payment scheduled in March 2020, collateralized by certain real estate and the unconditional guaranty of the Foundation	2,741,279	3,003,515

	2012	2011
Allied ICF/MR		
Loan payable due in monthly payments of $886 through November 2016, including interest at 7 5%, collateralized by certain real estate	$ 39,769	$ 47,072
Loan payable due in monthly payments of $838 through maturity in December 2014, including interest at 2 85%, outstanding balance due in December 2014, secured by an assigned certificate of deposit with the bank	67,731	75,602
Mental Health Services		
Loan payable due in monthly payments of $1,357 through November 2016, including interest at 7%, collateralized by certain real estate	61,566	73,023
Vocational Services		
Non-interest bearing loan payable due in quarterly payments of $5,000 through November 2015, collateralized by capital equipment	70,000	90,000
Capital lease obligation payable in monthly installments of $5,913, including interest at 6%, through September 2015, collateralized by leased assets	213,879	265,592
Total	21,803,298	26,300,424
Less current maturities	3,812,574	3,689,442
Long-term debt	$ 17,990,724	$ 22,610,982

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

Years ending June 30	
2013	$ 3,812,574
2014	3,531,434
2015	2,644,652
2016	2,618,885
2017	2,667,795
Thereafter	6,527,958
Total	$ 21,803,298

8. Pension Plans

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

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

	2012	2011
Fair value of plan assets	$ 28,029,953	$ 27,546,938
Benefit obligation	44,069,722	35,039,445
Funded status of the plan	$ (16,039,769)	$ (7,492,507)
Accumulated benefit obligation	$ 44,069,722	$ 35,039,445

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

	2012	2011
Net periodic pension cost	$ 426,536	$ 1,119,049
Employer contributions	$ 1,663,984	$ 1,028,090
Participant contributions	$ -	$ -
Benefits paid	$ 1,109,591	$ 1,054,209

The following table provides the amounts recognized in the consolidated balance sheet at June 30, 2012 and 2011

	2012	2011
Pension liability, current	$ -	$ -
Pension liability, noncurrent	16,039,769	7,492,507
Net amount recognized	$ 16,039,769	$ 7,492,507

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

A net loss of $20,736,310 represents the unrecognized component of net periodic pension cost included in unrestricted net assets at June 30, 2012 Amortization of the net loss of approximately $1,629,674 is expected to be recognized in net periodic pension cost in 2013

Assumptions

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

	2012	2011
Discount rate	4 19 %	5 54 %
Rate of compensation increase	N/A	N/A

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

	2012	2011
Discount rate	5 54 %	5 40 %
Expected long-term return on plan assets	8 %	8 %
Rate of compensation increase	N/A	N/A

Plan Assets

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

	2012	2011	Target Asset Allocation
Asset category			
Equity securities	62 %	65 %	60 %
Fixed income securities	38	35	40
Total	100 %	100 %	100 %

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

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

Fair Value of Plan Assets

The following table sets forth by level, within the fair value hierarchy (Note 4), the plan assets at fair value at June 30, 2012 and 2011

	Quoted Prices in Active Markets (Level 1)
June 30, 2012	
Mutual funds	
Equity	
Large-cap stock	$ 13,440,188
Mid-cap stock	1,998,886
International stock	1,974,374
Fixed income	
Short-term bond	4,770,873
Intermediate-term bond	5,845,632
Total	$ 28,029,953
June 30, 2011	
Mutual funds	
Equity	
Large-cap stock	$ 12,366,060
Mid-cap stock	2,718,535
International stock	2,765,212
Fixed income	
Short-term bond	4,097,255
Intermediate-term bond	5,599,876
Total	$ 27,546,938

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

Cash Flows

Allied expects to make contributions to the defined benefit pension plan of approximately $2,014,741 during 2013

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

Years ending June 30	
2013	$ 1,401,800
2014	1,493,811
2015	1,629,768
2016	1,685,102
2017	1,776,758
Thereafter	10,175,086
Total	$ 18,162,325

Defined Contribution Pension Plan

Allied sponsors a defined contribution plan that is available to substantially all employees Pension expense was approximately $858,000 in 2012 and $426,000 in 2011

9. Medical Malpractice Claims Coverage

Primary Coverage

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

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

MCARE Fund Coverage

The Pennsylvania Medical Care Availability and Reduction of Error Fund ("MCARE Fund") provides coverage in accordance with the Pennsylvania law governing the MCARE Fund Pursuant to the per occurrence and aggregate limits set forth in the controlling Pennsylvania statutes, the MCARE Fund provides coverage for losses in excess of the primary coverage that was in effect on the date of the incident The cost of MCARE Fund coverage is recognized as expense in the period incurred Increases in annual surcharges and concerns over the MCARE Fund's ability to manage and pay claims continues to result in proposals to reform or restructure the MCARE Fund MCARE Fund coverage is currently scheduled to be compressed in 2013, unless the State Insurance Commissioner determines that additional primary insurance capacity is not available at that time, and to be eliminated three years after such reduction Allied will be required to purchase additional primary insurance to take the place of the MCARE Fund coverage if it is compressed Depending upon the ultimate resolution of this matter, Allied may incur additional insurance costs

Summary

Allied's undiscounted estimated medical malpractice claims liability and general liability for both asserted and unasserted claims was $2,647,469 and $2,517,883 at June 30, 2012 and 2011, respectively It is reasonably possible that the estimates used could change materially in the near term

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

10. Concentrations of Credit Risk

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

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

11. Commitments

Lease Commitments

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

The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012

Years ending June 30	
2013	$ 2,117,000
2014	958,000
2015	622,000
2016	516,000
2017	49,000
Total	$ 4,262,000

Rent expense for operating leases was approximately $2,377,000 in 2012 and $2,334,000 in 2011

Purchase Commitment

In June 2012, Allied entered into an agreement with a vendor for a system wide information technology upgrade Allied is expecting to incur costs of approximately $10 million in stages through 2022 Costs are estimated to be approximately $1 1 million per year in 2013 through 2017, $1 million per year in 2018-2019, and $700,000 per year in 2020 through and 2022

12. Self-Funded Insurance Plans

Allied maintains self-funded plans for workers' compensation and unemployment compensation insurance costs For workers' compensation, Allied accrues the estimated cost for incurred and unreported claims based upon data provided by the third-party administrator for the program and its historical claims experience Allied's estimated liability for reported and unreported incurred claims was $5,220,449 and $4,865,049 at June 30, 2012 and 2011, respectively In addition, Allied maintains a letter of credit as security for future claims payments The amount is determined by the Commonwealth of Pennsylvania Department of Labor and Industry and was $5,300,000 at June 30, 2012 Allied has collateralized the letter of credit with investments having a fair value of approximately $5,951,000 at June 30, 2012 These investments are included in noncurrent assets whose use is limited in the consolidated balance sheet

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

13. Rental Income

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

The following is a schedule by year of future minimum rental income required under the lease agreements that have an initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012

Years ending June 30	
2013	$ 1,267,000
2014	1,216,000
2015	984,000
2016	876,000
2017	456,000
Total	$ 4,799,000

Rental income was approximately $1,560,000 in 2012 and $1,499,000 in 2011

14. Contingency

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

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

15. Functional Expenses

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

	2012	2011
Healthcare and other related services	$ 134,563	$ 131,928
General and administrative	20,696	20,038
Fundraising	773	893
Total expenses	$ 156,032	$ 152,859

ParenteBeard

Independent Auditors' Report on Supplementary Information

Board of Directors
Allied Services Foundation

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplementary information presented on pages 30 to 41 is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

ParenteBeard LLC

Wilkes-Barre, Pennsylvania
November 13, 2012

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2012
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidation Consolidated
Assets										
Current Assets										
Cash and cash equivalents	$ 5,461,507	$ 5,984,209	$ 142,862	$ 750	$ 8,611,345	$ -	$ 4,798	$ 118,756	$ (15,686,179)	$ 4,638,048
Restricted cash, resident funds	-	-	-	121,172	161,480	-	-	-	-	282,652
Assets whose use is limited	-	-	-	-	-	53,410	-	-	-	53,410
Accounts receivable (net of estimated allowance for doubtful collections of $2,352,000)	2,069,008	2,584,622	-	5,554,571	7,150,302	-	-	10,322	-	17,368,825
Intercompany receivables, net	1,563,066	1,279,009	32,584	578,533	3,774,028	-	-	48,837	(7,276,057)	-
Estimated third-party payor settlements	2,197,220	1,659,577	-	-	13,081	-	-	-	-	3,869,878
Inventories	253,429	52,437	-	20,413	844,976	-	-	7,365	-	1,178,620
Prepaid expenses and other current assets	316,512	92,609	-	60,279	1,990,603	-	-	-	-	2,460,003
Total current assets	11,860,742	11,652,463	175,446	6,335,718	22,545,815	53,410	4,798	185,280	(22,962,236)	29,851,436
Assets Whose Use Is Limited	-	-	5,950,841	-	1,273,669	1,971,043	5,100	-	-	9,200,653
Investments	18,523,562	7,700,279	17,304,189	2,391,899	999,531	3,544,505	-	-	-	50,463,965
Property and Equipment, Net	7,796,995	5,807,815	696,335	5,336,996	14,860,321	-	-	3,737,408	-	38,235,870
Other Assets			50,000							50,000
Deferred Financing Costs, Net	216,897	10,228	1,510	5,759	13,294	-	-	25,571	-	273,259
Total assets	$ 38,398,196	$ 25,170,785	$ 24,178,321	$ 14,070,372	$ 39,692,630	$ 5,568,958	$ 9,898	$ 3,948,259	$ (22,962,236)	$ 128,075,183

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2012
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	$ 1,593,334	$ 790,060	$ 106,255	$ 544,167	$ 433,953	$ -	$ -	$ 344,805	$ -	$ 3,812,574
Accounts payable and accrued expenses	624,069	345,428	16,401	289,867	2,110,988	53,410	19,619	75,645		3,535,427
Estimated third-party payor settlements	793,406	847,496	-	676,627	2,114,900	-	-	-	-	4,432,429
Amounts due to affiliates for working capital	-	-	-	153,472	15,532,707	-	-	-	(15,686,179)	-
Intercompany payables, net	582,952	657,515	4,802,819	809,337	198,008	175,500	3,946	45,980	(7,276,057)	-
Accrued workers' compensation	-	-	-	-	1,404,000	-	-	-	-	1,404,000
Accrued payroll and related liabilities	1,309,791	1,513,508	25,663	915,372	2,574,793	-	-	57,012	-	6,396,139
Accrued interest	-	-	-	-	954	-	-	-	-	954
Resident funds	-	-	-	121,172	161,480	-	-	-	-	282,652
Total current liabilities	4,903,552	4,154,007	4,951,138	3,510,014	24,531,783	228,910	23,565	523,442	(22,962,236)	19,864,175
Long-Term Debt	11,204,691	832,496	114,610	544,167	2,883,971	-	-	2,410,789	-	17,990,724
Pension Liability	-	-	16,039,769	-	-	-	-	-	-	16,039,769
Malpractice and General Liability	-	-	-	-	-	2,647,469	-	-	-	2,647,469
Workers' Compensation	-	-	-	-	3,816,449	-	-	-	-	3,816,449
Total liabilities	16,108,243	4,986,503	21,105,517	4,054,181	31,232,203	2,876,379	23,565	2,934,231	(22,962,236)	60,358,586
Net Assets (Deficit)										
Unrestricted	22,289,953	20,184,282	(422,232)	10,016,191	8,460,427	2,692,579	(13,667)	1,014,028	-	64,221,561
Temporarily restricted	-	-	1,419,477	-	-	-	-	-	-	1,419,477
Permanently restricted	-	-	2,075,559	-	-	-	-	-	-	2,075,559
Total net assets (deficit)	22,289,953	20,184,282	3,072,804	10,016,191	8,460,427	2,692,579	(13,667)	1,014,028	-	67,716,597
Total liabilities and net assets (deficit)	$ 38,398,196	$ 25,170,785	$ 24,178,321	$ 14,070,372	$ 39,692,630	$ 5,568,958	$ 9,898	$ 3,948,259	$ (22,962,236)	$ 128,075,183

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2012
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Revenues										
Net patient service revenues	$ 35,494,066	$ 37,125,849	$ -	$ 33,322,455	$ 17,021,123	$ -	$ 33,529	$ 2,287,435	$ -	$ 125,284,457
Pennsylvania hospital and nursing home assessments	779,087	628,524	-	1,837,955	-	-	-	-	-	3,245,566
Other revenues	1,381,413	591,120	200,283	155,567	49,847,489	1,015,000	-	42,145	(19,053,918)	34,179,099
Net assets released from restrictions	-	-	134,939	-	-	-	-	-	-	134,939
Total unrestricted revenues	37,654,566	38,345,493	335,222	35,315,977	66,868,612	1,015,000	33,529	2,329,580	(19,053,918)	162,844,061
Expenses										
Salaries, wages, and contract labor	16,169,049	18,007,432	308,068	17,113,069	40,809,514	-	11,962	778,868	-	93,197,962
Supplies and expenses	11,677,933	11,737,518	415,720	12,024,512	16,292,656	1,076,051	36,943	935,901	(19,053,918)	35,143,316
Employee benefits	3,187,672	3,679,215	70,462	4,070,749	7,523,934	-	1,702	197,571	-	18,731,305
Depreciation and amortization	1,021,015	694,708	98,895	638,946	2,382,900	-	-	190,403	-	5,026,867
Interest expense	638,715	78,357	14,412	75,108	169,495	-	-	137,570	-	1,113,657
Pennsylvania hospital and nursing home assessments	779,087	628,524	-	664,997	-	-	-	-	-	2,072,608
(Recovery of) provision for doubtful collections	105,197	233,137	-	405,000	8,335	-	-	(5,282)	-	746,387
Total expenses	33,578,668	35,058,891	907,557	34,992,381	67,186,834	1,076,051	50,607	2,235,031	(19,053,918)	156,032,102
Operating income (loss)	4,075,898	3,286,602	(572,335)	323,596	(318,222)	(61,051)	(17,078)	94,549	-	6,811,959
Investment Income (Loss)	538,660	218,791	627,690	63,615	(14,209)	197,491	43	(7)	-	1,632,074
Revenues in excess of (less than) expenses	4,614,558	3,505,393	55,355	387,211	(332,431)	136,440	(17,035)	94,542	-	8,444,033
Pension Liability Adjustment	-	-	(9,784,710)	-	-	-	-	-	-	(9,784,710)
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	-	293,777	-	-	-	-	-	-	293,777
Transfers from (to) Affiliates	98,758	98,758	(323,777)	50,000	46,261	-	30,000	-	-	-
Change in unrestricted net assets (deficit)	$ 4,713,316	$ 3,604,151	$ (9,759,355)	$ 437,211	$ (286,170)	$ 136,440	$ 12,965	$ 94,542	$ -	$ (1,046,900)

Allied Services Foundation and Controlled Entities

Consolidating Schedule, Statement of Changes in Net Assets (Deficit)
Year Ended June 30, 2012
(See Independent Auditors' Report on Supplementary Information)

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidation Consolidated
Unrestricted Net Assets (Deficit)										
Revenues in excess of (less than) expenses	$ 4,614,558	$ 3,505,393	$ 55,355	$ 387,211	$ (332,431)	$ 136,440	$ (17,035)	$ 94,542	$ -	$ 8,444,033
Pension liability adjustment	-	-	(9,784,710)	-	-	-	-	-	-	(9,784,710)
Net assets released from restrictions for purchase of property and equipment	-	-	293,777	-	-	-	-	-	-	293,777
Transfers from (to) affiliates	98,758	98,758	(323,777)	50,000	46,261	-	30,000	-	-	-
Change in unrestricted net assets (deficit)	4,713,316	3,604,151	(9,759,355)	437,211	(286,170)	136,440	12,965	94,542	-	(1,046,900)
Temporarily Restricted Net Assets										
Contributions	-	-	513,877	-	-	-	-	-	-	513,877
Investment income	-	-	7,942	-	-	-	-	-	-	7,942
Net assets released from restrictions for										
Operations	-	-	(134,939)	-	-	-	-	-	-	(134,939)
Purchase of property and equipment	-	-	(293,777)	-	-	-	-	-	-	(293,777)
Increase in temporarily restricted net assets	-	-	93,103	-	-	-	-	-	-	93,103
Increase in Permanently Restricted Net Assets										
Contributions and investment income	-	-	14,494	-	-	-	-	-	-	14,494
Change in net assets (deficit)	4,713,316	3,604,151	(9,651,758)	437,211	(286,170)	136,440	12,965	94,542	-	(939,303)
Net Assets (Deficit), Beginning	17,576,637	16,580,131	12,724,562	9,578,980	8,746,597	2,556,139	(26,632)	919,486	-	68,655,900
Net Assets (Deficit), Ending	$ 22,289,953	$ 20,184,282	$ 3,072,804	$ 10,016,191	$ 8,460,427	$ 2,692,579	$ (13,667)	$ 1,014,028	$ -	$ 67,716,597

Allied Services Foundation and Controlled Entities

Combining Schedule - Allied Health Care Services Balance Sheet
June 30 2012
(See Independent Accountants' Report on Supplementary Information)

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Combination Eliminations	Combination Combined
Assets														
Current Assets														
Cash and cash equivalents	$ 807 237	$ 291 121	$ 135 915	$ 1 234 273	$ 4 363 353	$ 5 986	$ 1 190 330	$ 1 083 515	$ 28 651	$ 704 987	$ -	$ 250	$ -	$ 8 611 345
Restricted cash resident funds	-	156 806	-	156 806	-	1 630	-	-	-	3 044	-	-	-	161 480
Accounts receivable (net of estimated allowance for doubtful collections of $542 000)	832 735	1 692 909	196 224	2 721 868	14 749	72	898 949	2 704 355	572 699	-	7 897	229 713	-	7 150 302
Intercompany receivables net	582 008	241 848	-	823 856	3 110 510	-	219 364	106 777	51 726	46 317	84 419	175 274	(844 215)	3 774 028
Estimated third-party payor settlements	-	13 081	-	13 081	-	-	-	-	-	-	-	-	-	13 081
Inventories	240 819	5 965	9 141	255 925	15 525	-	-	-	-	-	-	573 526	-	844 976
Prepaid expenses and other current assets	57 141	642	12 281	70 064	1 218 336	1 839	5 537	182 994	28 228	26 500	7 105	450 000	-	1 990 603
Total current assets	2 519 940	2 402 372	353 561	5 275 873	8 722 473	9 527	2 314 180	4 077 641	681 304	780 848	99 421	1 428 763	(844 215)	22 545 815
Assets Whose Use Is Limited	-	-	-	-	1 220 746	52 923	-	-	-	-	-	-	-	1 273 669
Investments	985 878	-	-	985 878	-	13 653	-	-	-	-	-	-	-	999 531
Property and Equipment, Net	681 130	666 441	545 026	1 892 597	6 475 754	87 897	29 171	6 225	389 468	1 588 349	3 824 757	566 103	-	14 860 321
Deferred Financing Costs, Net	-	-	-	-	13 294	-	-	-	-	-	-	-	-	13 294
Total assets	$ 4 186 948	$ 3 068 813	$ 898 587	$ 8 154 348	$ 16 432 267	$ 164 000	$ 2 343 351	$ 4 083 866	$ 1 070 772	$ 2 369 197	$ 3 924 178	$ 1 994 866	$ (844 215)	$ 39 692 630
Liabilities and Net Assets (Deficit)														
Current Liabilities														
Current maturities of long-term debt	$ 84 889	$ 16 084	$ -	$ 100 973	$ 315 209	$ 5 277	$ -	$ -	$ 12 494	$ -	$ -	$ -	$ -	$ 433 953
Accounts payable and accrued expenses	91 299	82 575	16 530	190 404	923 673	2 884	1 514	738 246	24 878	41 923	181 163	6 303	-	2 110 988
Estimated third-party payor settlements	-	-	7 175	7 175	-	-	-	2 107 725	-	-	-	-	-	2 114 900
Amounts due to affiliates for working capital	-	1 901 039	-	1 901 039	7 163 296	-	-	406 607	-	3 235 382	1 383 201	1 443 182	-	15 532 707
Intercompany payables net	139 258	299 056	12 856	451 170	78 123	56 022	75 845	179 597	109 358	18 221	27 311	46 576	(844 215)	198 008
Accrued workers' compensation	-	-	-	-	1 404 000	-	-	-	-	-	-	-	-	1 404 000
Accrued payroll and related liabilities	377 627	334 081	49 168	760 876	1 310 999	-	240 169	82 657	99 933	-	-	80 159	-	2 574 793
Accrued interest	-	-	-	-	-	954	-	-	-	-	-	-	-	954
Resident funds	-	156 806	-	156 806	-	1 630	-	-	-	3 044	-	-	-	161 480
Total current liabilities	693 073	2 789 641	85 729	3 568 443	11 195 300	66 767	317 528	3 514 832	246 663	3 298 570	1 591 675	1 576 220	(844 215)	24 531 783
Long-Term Debt														
Mortgages and notes payable	198 990	91 416	-	290 406	2 426 070	118 423	-	-	49 072	-	-	-	-	2 883 971
Workers' Compensation	-	-	-	-	3 816 449	-	-	-	-	-	-	-	-	3 816 449
Total liabilities	892 063	2 881 057	85 729	3 858 849	17 437 819	185 190	317 528	3 514 832	295 735	3 298 570	1 591 675	1 576 220	(844 215)	31 232 203
Net Assets (Deficit)														
Unrestricted	3 294 885	187 756	812 858	4 295 499	(1 005 552)	(21 190)	2 025 823	569 034	775 037	(929 373)	2 332 503	418 646	-	8 460 427
Total liabilities and net assets (deficit)	$ 4 186 948	$ 3 068 813	$ 898 587	$ 8 154 348	$ 16 432 267	$ 164 000	$ 2 343 351	$ 4 083 866	$ 1 070 772	$ 2 369 197	$ 3 924 178	$ 1 994 866	$ (844 215)	$ 39 692 630

Allied Services Foundation and Controlled Entities

Combining Schedule - Allied Health Care Services Statement of Operations
Year Ended June 30 2012
(See Independent Accountants' Report on Supplementary Information)

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Combination Eliminations	Combination Combined
Unrestricted Revenues														
Net patient service revenues	$ -	$ 12 170 434	$ -	$ 12 170 434	$ -	$ -	$ 4 850 689	$ -	$ -	$ -	$ -	$ -	$ -	$ 17 021 123
Other revenues	11 553 637	119 137	1 657 030	13 329 804	17 911 755	53 635	-	12 829 812	3 267 834	545 350	957 146	7 719 484	(6 767 331)	49 847 489
Total unrestricted revenues	11 553 637	12 289 571	1 657 030	25 500 238	17 911 755	53 635	4 850 689	12 829 812	3 267 834	545 350	957 146	7 719 484	(6 767 331)	66 868 612
Expenses														
Salaries wages and contract labor	6 842 088	5 887 421	1 120 928	13 850 437	9 671 563	2 815	3 172 217	10 922 509	1 667 176	1 026	-	1 521 771	-	40 809 514
Supplies and expenses	3 311 969	5 092 755	373 398	8 778 122	4 749 611	39 440	903 020	1 266 212	1 178 844	309 207	389 463	5 446 068	(6 767 331)	16 292 656
Employee benefits	1 039 934	1 280 636	178 090	2 498 660	2 041 823	215	512 836	1 886 814	352 014	79	-	231 493	-	7 523 934
Depreciation and amortization	189 205	103 810	48 205	341 220	1 381 724	5 320	28 588	1 509	102 326	84 061	255 213	182 939	-	2 382 900
Interest expense	-	6 020	-	6 020	109 595	11 650	-	-	4 822	36 924	484	-	-	169 495
Provision for doubtful collections	-	-	-	-	-	114	-	-	2 716	-	-	5 505	-	8 335
Total expenses	11 383 196	12 370 642	1 720 621	25 474 459	17 954 316	59 554	4 616 661	14 077 044	3 307 898	431 297	645 160	7 387 776	(6 767 331)	67 186 834
Operating income (loss)	170 441	(81 071)	(63 591)	25 779	(42 561)	(5 919)	234 028	(1 247 232)	(40 064)	114 053	311 986	331 708	-	(318 222)
Investment Income (Loss	(13 527)	97	75	(13 355)	-	122	1 287	(84)	(94)	(692)	(579)	(814)		(14 209)
Revenues in excess of (less than) expenses	156 914	(80 974)	(63 516)	12 424	(42 561)	(5 797)	235 315	(1 247 316)	(40 158)	113 361	311 407	330 894	-	(332 431)
Transfers from Affiliates	3 700	-	-	3 700	42 561	-	-	-	-	-	-	-	-	46 261
Change in unrestricted net assets (deficit)	$ 160 614	$ (80 974)	$ (63 516)	$ 16 124	$ -	$ (5 797)	$ 235 315	$ (1 247 316)	$ (40 158)	$ 113 361	$ 311 407	$ 330 894	$ -	$ (286 170)

Allied Services Foundation and Controlled Entities

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

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidation Consolidated
Assets										
Current Assets										
Cash and cash equivalents	$ 4,562,345	$ 3,570,919	$ 741,140	$ 2,020,503	$ 11,163,328	$ -	$ 2,492	$ 199,066	$ (13,794,378)	$ 8,465,415
Restricted cash, resident funds	-	-	-	118,491	141,361	-	-	-	-	259,852
Assets whose use is limited	-	-	-	-	-	46,373	-	-	-	46,373
Accounts receivable (net of estimated allowance for doubtful collections of $2,412,000)	1,813,555	2,440,117	-	4,045,042	6,049,456	-	-	2,237	-	14,350,407
Intercompany receivables, net	1,224,672	979,996	6,705	440,510	3,255,508	-	-	52,134	(5,959,525)	-
Estimated third-party payor settlements	466,627	1,719,363	-	-	-	-	-	-	-	2,185,990
Inventories	233,232	31,415	-	25,920	804,550	-	-	8,212	-	1,103,329
Prepaid expenses and other current assets	205,324	89,803	-		1,390,600	12,500	-	8,163	-	1,706,390
Total current assets	8,505,755	8,831,613	747,845	6,650,466	22,804,803	58,873	2,492	269,812	(19,753,903)	28,117,756
Assets Whose Use Is Limited	-	343,714	5,166,330	-	1,099,376	1,677,944	5,000	-	-	8,292,364
Investments	17,986,859	7,483,996	17,438,054	2,328,467	-	3,433,578	-	-	-	48,670,954
Property and Equipment, Net	8,264,664	5,401,141	794,389	4,985,506	14,693,181	-	-	3,910,521	-	38,049,402
Deferred Financing Costs, Net	245,813	17,047	2,350	10,909	14,922	-	-	28,980	-	320,021
Total assets	$ 35,003,091	$ 22,077,511	$ 24,148,968	$ 13,975,348	$ 38,612,282	$ 5,170,395	$ 7,492	$ 4,209,313	$ (19,753,903)	$ 123,450,497

Allied Services Foundation and Controlled Entities

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

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidation Consolidated
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	$ 1,381,049	$ 748,288	$ 100,932	$ 611,321	$ 548,700	$ -	$ -	$ 299,152	$ -	$ 3,689,442
Accounts payable and accrued expenses	591,237	409,186	142	316,980	2,469,635	46,373	23,111	114,965	-	3,971,629
Estimated third-party payor settlements	801,697	673,272	-	459,719	833,747	-	-	-	-	2,768,435
Amounts due to affiliates for working capital	-	-	-	-	13,788,510	-	5,868	-	(13,794,378)	-
Intercompany payables, net	686,613	669,115	3,587,658	801,733	91,360	50,000	5,145	67,901	(5,959,525)	-
Accrued workers' compensation	-	-	-	-	1,372,000	-	-	-	-	1,372,000
Accrued payroll and related liabilities	1,167,796	1,375,054	22,598	755,542	3,226,987	-	-	52,223	-	6,600,200
Accrued interest	-	-	-	17,627	991	-	-	-	-	18,618
Resident funds	-	-	-	118,491	141,361	-	-	-	-	259,852
Total current liabilities	4,628,392	3,874,915	3,711,330	3,081,413	22,473,291	96,373	34,124	534,241	(19,753,903)	18,680,176
Long-Term Debt	12,798,062	1,622,465	220,569	1,314,955	3,899,345	-	-	2,755,586	-	22,610,982
Pension Liability	-	-	7,492,507	-	-	-	-	-	-	7,492,507
Malpractice and General Liability	-	-	-	-	-	2,517,883	-	-	-	2,517,883
Workers' Compensation	-	-	-	-	3,493,049	-	-	-	-	3,493,049
Total liabilities	17,426,454	5,497,380	11,424,406	4,396,368	29,865,685	2,614,256	34,124	3,289,827	(19,753,903)	54,794,597
Net Assets (Deficit)										
Unrestricted	17,576,637	16,580,131	9,337,123	9,578,980	8,746,597	2,556,139	(26,632)	919,486	-	65,268,461
Temporarily restricted	-	-	1,326,374	-	-	-	-	-	-	1,326,374
Permanently restricted	-	-	2,061,065	-	-	-	-	-	-	2,061,065
Total net assets (deficit)	17,576,637	16,580,131	12,724,562	9,578,980	8,746,597	2,556,139	(26,632)	919,486	-	68,655,900
Total liabilities and net assets (deficit)	$ 35,003,091	$ 22,077,511	$ 24,148,968	$ 13,975,348	$ 38,612,282	$ 5,170,395	$ 7,492	$ 4,209,313	$ (19,753,903)	$ 123,450,497

Allied Services Foundation and Controlled Entities

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

	Allied Services Institute of Rehabilitation Medicine	The John Heinz Institute of Rehabilitation Medicine	Allied Services Foundation	Allied Skilled Nursing Center	Allied Health Care Services (Consolidated)	Risk Retention Group	Allied Services Retirement Community	Allied Services Personal Care, Inc	Consolidation Eliminations	Consolidated
Unrestricted Revenues										
Net patient service revenues	$ 35,235,316	$ 38,239,394	$ -	$ 33,449,019	$ 16,834,939	$ -	$ 34,060	$ 2,222,546	$ -	$ 126,015,274
Pennsylvania hospital and nursing home assessments	713,760	575,822	-	1,384,207	-	-	-	-	-	2,673,789
Other revenues	1,283,857	567,817	198,458	113,293	48,701,420	916,000	-	33,895	(18,646,982)	33,167,758
Net assets released from restrictions	-	-	110,499	-	-	-	-	-	-	110,499
Total unrestricted revenues	37,232,933	39,383,033	308,957	34,946,519	65,536,359	916,000	34,060	2,256,441	(18,646,982)	161,967,320
Expenses										
Salaries, wages, and contract labor	15,960,462	18,854,371	250,721	16,438,566	37,590,526	-	11,363	763,512	-	89,869,521
Supplies and expenses	12,423,187	11,749,516	370,738	11,520,561	16,245,028	1,562,174	43,575	890,666	(18,646,982)	36,158,463
Employee benefits	3,265,218	3,660,729	264,155	3,740,223	6,888,544	-	1,490	196,316	-	18,016,675
Depreciation and amortization	949,934	669,954	98,895	660,329	2,330,207	-	-	189,423	-	4,898,742
Interest expense	700,361	111,630	19,475	109,997	224,730	-	-	151,676	-	1,317,869
Pennsylvania hospital and nursing home assessments	713,760	575,822	-	415,639	-	-	-	-	-	1,705,221
Provision for doubtful collections	179,534	159,490	-	550,000	(6,270)	-	-	9,704	-	892,458
Total expenses	34,192,456	35,781,512	1,003,984	33,435,315	63,272,765	1,562,174	56,428	2,201,297	(18,646,982)	152,858,949
Operating income (loss)	3,040,477	3,601,521	(695,027)	1,511,204	2,263,594	(646,174)	(22,368)	55,144	-	9,108,371
Investment Income (Loss)	1,810,089	438,393	1,942,392	68,463	39,419	331,659	(33)	(50)	-	4,630,332
Revenues in excess of (less than) expenses	4,850,566	4,039,914	1,247,365	1,579,667	2,303,013	(314,515)	(22,401)	55,094	-	13,738,703
Pension Liability Adjustment	-	-	4,667,941	-	-	-	-	-	-	4,667,941
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	-	191,302	-	-	-	-	-	-	191,302
Transfers from (to) Affiliates	102,416	-	413,348	88,886	(604,650)	-	-	-	-	-
Change in unrestricted net assets (deficit)	$ 4,952,982	$ 4,039,914	$ 6,519,956	$ 1,668,553	$ 1,698,363	$ (314,515)	$ (22,401)	$ 55,094	$ -	$ 18,597,946

Allied Services Foundation and Controlled Entities

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

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

Allied Services Foundation and Controlled Entities

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

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Combination Eliminations	Combination Combined
Assets														
Current Assets														
Cash and cash equivalents	$ 1 433 931	$ 263 706	$ 207 693	$ 1 905 330	$ 6 384 973	$ 172	$ 1 326 616	$ 832 473	$ 550	$ 712 964	$ -	$ 250	$ -	$ 11 163 328
Restricted cash resident funds	-	137 055	-	137 055	-	1 269	-	-	-	3 037	-	-	-	141 361
Accounts receivable (net of estimated allowance for doubtful collections of $584 000)	1 105 956	888 639	157 685	2 152 280	32 356	299	530 642	2 507 722	581 761	-	5 817	238 579	-	6 049 456
Intercompany receivables net	556 778	174 345	3 019	734 142	2 812 496	-	166 188	89 043	38 091	41 928	-	335 620	(962 000)	3 255 508
Inventories	245 025	5 084	6 093	256 202	16 166	-	-	-	-	-	-	532 182	-	804 550
Prepaid expenses and other current assets	59 043	802	11 000	70 845	785 839	1 761	5 543	13 288	27 320	30 113	5 891	450 000	-	1 390 600
Total current assets	3 400 733	1 469 631	385 490	5 255 854	10 031 830	3 501	2 028 989	3 442 526	647 722	788 042	11 708	1 556 631	(962 000)	22 804 803
Assets Whose Use Is Limited	-	-	-	-	1 035 074	64 302	-	-	-	-	-	-	-	1 099 376
Property and Equipment, Net	771 883	680 157	569 503	2 021 543	5 760 157	93 217	51 645	7 734	490 495	1 648 061	3 871 287	749 042	-	14 693 181
Deferred Financing Costs, Net	-	-	-	-	14 922	-	-	-	-	-	-	-	-	14 922
Total assets	$ 4 172 616	$ 2 149 788	$ 954 993	$ 7 277 397	$ 16 841 983	$ 161 020	$ 2 080 634	$ 3 450 260	$ 1 138 217	$ 2 436 103	$ 3 882 995	$ 2 305 673	$ (962 000)	$ 38 612 282
Liabilities and Net Assets (Deficit)														
Current Liabilities														
Current maturities of long-term debt	$ 76 557	$ 82 900	$ -	$ 159 457	$ 261 556	$ 4 813	$ -	$ -	$ 11 652	$ 83 785	$ 27 437	$ -	$ -	$ 548 700
Accounts payable and accrued expenses	202 397	72 960	21 528	296 885	1 230 657	3 365	(835)	692 568	22 858	32 658	162 955	28 524	-	2 469 635
Estimated third-party payor settlements	-	49 879	3 413	53 292	-	-	-	769 000	11 455	-	-	-	-	833 747
Amounts due to affiliates for working capital	-	833 659	-	833 659	6 480 697	-	-		39 188	2 688 373	1 667 126	2 079 467	-	13 788 510
Intercompany payables net	166 089	418 425	11 985	596 499	59 643	42 275	89 437	104 910	100 398	17 478	4 381	38 339	(962 000)	91 360
Accrued workers' compensation	-	-	-	-	1 372 000	-	-	-	-	-	-	-	-	1 372 000
Accrued payroll and related liabilities	314 267	246 406	41 693	602 366	2 207 974	-	201 524	67 432	76 100	-	-	71 591	-	3 226 987
Accrued interest	-	-	-	-	-	991	-	-	-	-	-	-	-	991
Resident funds	-	137 055	-	137 055	-	1 269	-	-	-	3 037	-	-	-	141 361
Total current liabilities	759 310	1 841 284	78 619	2 679 213	11 612 527	52 713	290 126	1 633 910	261 651	2 825 331	1 861 899	2 217 921	(962 000)	22 473 291
Long-Term Debt														
Mortgages and notes payable	279 035	39 774	-	318 809	2 741 959	123 700	-	-	61 371	653 506	-	-	-	3 899 345
Workers' Compensation	-	-	-	-	3 493 049	-	-	-	-	-	-	-	-	3 493 049
Total liabilities	1 038 345	1 881 058	78 619	2 998 022	17 847 535	176 413	290 126	1 633 910	323 022	3 478 837	1 861 899	2 217 921	(962 000)	29 865 685
Net Assets (Deficit)														
Unrestricted	3 134 271	268 730	876 374	4 279 375	(1 005 552)	(15 393)	1 790 508	1 816 350	815 195	(1 042 734)	2 021 096	87 752	-	8 746 597
Total liabilities and net assets (deficit)	$ 4 172 616	$ 2 149 788	$ 954 993	$ 7 277 397	$ 16 841 983	$ 161 020	$ 2 080 634	$ 3 450 260	$ 1 138 217	$ 2 436 103	$ 3 882 995	$ 2 305 673	$ (962 000)	$ 38 612 282

Allied Services Foundation and Controlled Entities

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

	Vocational Services Division	ICF/MR	Allied Burnley	Subtotal	Home Office	Project Opportunity	Home Health	In Home	Mental Health Services	MAC Scranton	MAC Wilkes-Barre	Allied Pharmacy	Combination Eliminations	Combination Combined
Unrestricted Revenues														
Net patient service revenues	$ -	$ 12 026 860	$ -	$ 12 026 860	$ -	$ -	$ 4 808 079	$ -	$ -	$ -	$ -	$ -	$ -	$ 16 834 939
Other revenues	10 771 978	111 615	1 723 909	12 607 502	16 796 786	51 606	-	13 121 813	3 129 800	532 359	943 578	8 070 180	(6 552 204)	48 701 420
Total unrestricted revenues	10 771 978	12 138 475	1 723 909	24 634 362	16 796 786	51 606	4 808 079	13 121 813	3 129 800	532 359	943 578	8 070 180	(6 552 204)	65 536 359
Expenses														
Salaries wages and contract labor	5 957 068	5 699 485	1 075 067	12 731 620	8 778 685	4 466	3 036 389	10 103 256	1 423 605	923	-	1 511 582	-	37 590 526
Supplies and expenses	3 158 118	5 113 545	378 774	8 650 437	4 718 117	39 944	863 013	1 168 613	1 127 739	299 630	276 003	5 653 736	(6 552 204)	16 245 028
Employee benefits	961 792	1 216 616	171 119	2 349 527	1 837 632	343	565 848	1 598 239	328 322	71	-	208 562	-	6 888 544
Depreciation and amortization	202 415	119 299	54 771	376 485	1 360 969	5 252	30 906	854	89 330	90 576	281 528	94 307	-	2 330 207
Interest expense	-	8 499	(470)	8 029	147 224	12 077	-	-	5 590	45 468	6 342	-	-	224 730
Provision for doubtful collections	-	-	-	-	-	241	-	(19 000)	8 989	-	-	3 500	-	(6 270)
Total expenses	10 279 393	12 157 444	1 679 261	24 116 098	16 842 627	62 323	4 496 156	12 851 962	2 983 575	436 668	563 873	7 471 687	(6 552 204)	63 272 765
Operating income (loss)	492 585	(18 969)	44 648	518 264	(45 841)	(10 717)	311 923	269 851	146 225	95 691	379 705	598 493	-	2 263 594
Investment Income (Loss	2 965	647	-	3 612	45 847	209	2 797	341	116	(4 628)	(4 521)	(4 354)		39 419
Revenues in excess of (less than) expenses	495 550	(18 322)	44 648	521 876	6	(10 508)	314 720	270 192	146 341	91 063	375 184	594 139	-	2 303 013
Transfers to Affiliates	-	-	-	-	(604 650)	-	-	-	-	-	-	-	-	(604 650)
Change in unrestricted net assets (deficit)	$ 495 550	$ (18 322)	$ 44 648	$ 521 876	$ (604 644)	$ (10 508)	$ 314 720	$ 270 192	$ 146 341	$ 91 063	$ 375 184	$ 594 139	$ -	$ 1 698 363