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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
GENESIS HEALTH SYSTEM

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
801 ILLINI DRIVE

City or town, state or country, and ZIP + 4
SILVIS, IL 61282

D Employer identification number
36-3616314

E Telephone number
(563)421-6508

G Gross receipts $ 93,424,327

F Name and address of principal officer
MARK G ROGERS
801 ILLINI DRIVE
SILVIS,IL 61282

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: ▶ GENESISHEALTH COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1988 | **M** State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
GENESIS HEALTH SYSTEM EXISTS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED

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**	18
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**	950
6	Total number of volunteers (estimate if necessary)	**6**	236
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	213,355
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	54,942

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	481,284	1,714,995
9	Program service revenue (Part VIII, line 2g)	89,584,278	88,021,750
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	432,239	481,458
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,442,666	2,385,001
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	92,940,467	92,603,204
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	358,481	169,854
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)	34,828,113	35,615,517
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)	51,473,355	52,439,096
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	86,659,949	88,224,467
19	Revenue less expenses Subtract line 18 from line 12	6,280,518	4,378,737
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	75,846,041	79,704,790
21	Total liabilities (Part X, line 26)	19,154,268	18,733,242
22	Net assets or fund balances Subtract line 21 from line 20	56,691,773	60,971,548

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

****** | 2013-02-26
Signature of officer | Date

MARK G ROGERS VICE PRESIDENT, FINANCE/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: JOHN J ROMANO | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00227323

Firm's name (or yours if self-employed), address, and ZIP + 4: MCGLADREY LLP, 201 N HARRISON STREET SUITE 300, DAVENPORT, IA 528011999 | EIN ▶ 42-0714325 | Phone no ▶ (563) 888-4000

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

GENESIS HEALTH SYSTEM EXISTS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED

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 $ 65,339,697 including grants of $ 169,854) (Revenue $ 83,842,574)

ILLINI HOSPITAL-HEALTH CARE DELIVERY AND MANAGEMENT, GENERAL/OTHER ILLINI HOSPITAL, A NOT-FOR-PROFIT ORGANIZATION, IS LICENSED AS A 149-BED ACUTE CARE HOSPITAL AND PROVIDES RELATED HEALTHCARE INPATIENT, EMERGENCY, AND OUTPATIENT ANCILLARY SERVICES (15,799 PATIENT DAYS, 108,227 OUTPATIENT VISITS)

4b (Code) (Expenses $ 7,146,721 including grants of $) (Revenue $ 8,137,834)

ILLINI HOSPITAL NURSING HOME HEALTH CARE FOR A 75-BED LICENSED NURSING FACILITY AND REHABILITATIVE AND PERSONAL CARE FOR A 45-BED FACILITY (34,422 PATIENT DAYS) WITH ASSISTED LIVING SERVICES CONSISTING OF 76 APARTMENTS AND 2 GUESTROOMS FOR THE ELDERLY (578 RESIDENT MONTHS)

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** ▶ $ 72,486,418

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	Yes	
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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer 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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
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**	Yes	
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**	74		
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**	950			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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	18		
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			No
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			No
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	Yes	
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	Yes	
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	Yes	
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	Yes	

Section C. Disclosure

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

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 ▶

MARK G ROGERS
1227 EAST RUSHOLME STREET
DAVENPORT, IA 52803
(563) 421-6508

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) STEVEN C BAHLS DIRECTOR	4 00	X						0	0	0
(2) MARK D BAWDEN CHAIRMAN	4 00	X		X				0	0	0
(3) GREGORY J BUSH TREASURER	4 00	X		X				0	0	0
(4) CHRISTOPHER J COX DIRECTOR	4 00	X						0	0	0
(5) EDMUND P COYNE JR MD DIRECTOR	4 00	X						0	0	0
(6) DOUGLAS P CROPPER PRESIDENT/CEO GHS	44 00	X		X				0	600,993	246,461
(7) THOMAS A GILDEHAUS DIRECTOR	4 00	X						0	0	0
(8) ROGER J HILL SECRETARY	4 00	X		X				0	0	0
(9) MARK C KILMER DIRECTOR	4 00	X						0	0	0
(10) JAMES W KOEHLER DIRECTOR	4 00	X						0	0	0
(11) GEORGE J KONTOS JR MD DIRECTOR	40 00	X						0	535,471	28,016
(12) CHARLENE E MAASKE DIRECTOR	4 00	X						0	0	0
(13) EDWIN V MOTTO MD DIRECTOR	4 00	X						0	0	0
(14) EDWARD J ROGALSKI PHD PAST CHAIRMAN	10 00	X		X				0	0	0
(15) G CHRISTOPHER WAHLIG VICE CHAIRMAN	4 00	X		X				0	0	0
(16) C DANA WATERMAN III DIRECTOR	4 00	X						0	0	0
(17) CAROL A WATSON PHD RN CENP FAAN DIRECTOR	4 00	X						0	0	0

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			
(18) DALE D ZUDE DIRECTOR	4 00	X						0	0	0
(19) MARK G ROGERS V P FINANCE/CFO	40 00			X				0	307,527	114,567
(20) ROBERT W FRIEDEN V P INFORMATION SERVICES	40 00				X			0	325,094	36,395
(21) FLORENCE L SPYROW PRESIDENT, GMC ILLINI	40 00				X			141,233	165,795	103,547
(22) KENNETH R CROKEN V P CORPORATE COMMUNICATI	40 00					X		0	258,194	63,998
(23) JAMES A LEHMAN MD V P QUALITY	40 00					X		0	344,757	85,558
(24) JULIE MANAS PRESIDENT, GMC DAVENPORT	40 00					X		0	378,736	17,946
(25) JUDITH MONDELLO V P LEGAL AFFAIRS	40 00					X		0	353,948	50,268
(26) ROBERT C TRAVIS V P STRATEGIC DEVELOPMENT	40 00					X		0	321,056	115,027
(27) HEIDI S KAHLY-MCMAHON V P HUMAN RESOURCES	40 00						X	0	179,576	73,626
(28) ROBERT M NELSON MD V P CLINICAL SERVICES	40 00						X	0	246,631	54,548
(29) JUDITH K PRANGER V P PATIENT SERVICES	40 00						X	0	352,049	70,044
(30) MIKE L SHARP V P SUPPORT SERVICES	40 00						X	0	225,679	72,307
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								141,233	4,595,506	1,132,308

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 ▶ 26

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
EMERGENCY CARE AND HEALTH ORGANIZATION 15443 SUMMIT AVE SUITE 302 OAKBROOKE, IL 60181	PHYSICIAN FEES- MED SERVICES	2,670,883
CHG MEDICAL STAFFING INC PO BOX 972670 DALLAS, TX 75397	PHYSICIAN FEES- MED SERVICES	793,665
COGENT HEALTHCARE INC PO BOX 974451 DALLAS, TX 75397	PHYSICIAN FEES- MED SERVICES	670,886
QUEST DIAGNOSTICS PO BOX 740709 ATLANTA, GA 30374	OUTSIDE SERVICES	403,439
CASSLING 13808 F STREET OMAHA, NE 68137	OUTSIDE MAINTENANCE CONTRACTS - FA	299,469

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 ▶ 16

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	27,757			
	e	Government grants (contributions)	1e	1,687,238			
	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		1,714,995			
Program Service Revenue			Business Code				
	2a	PROFESSIONAL SERVICES	900099	164,402,609	164,402,609		
	b	I/P ANCILLARY SERVICES	621500	26,259,028	26,045,673	213,355	
	c	NURSING SERVICES	900099	23,983,160	23,983,160		
	d	RESIDENT REVENUE	623000	994,618	994,618		
	e	PHYSICAL THERAPY	900099	26,224	26,224		
	f	All other program service revenue		-127,643,889	-127,643,889		
	g	**Total.** Add lines 2a–2f		88,021,750			
	3	Investment income (including dividends, interest and other similar amounts)		383,073			383,073
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	626,359				
	b	Less rental expenses	581,521				
	c	Rental income or (loss)	44,838				
	d	Net rental income or (loss)		44,838			44,838
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	191,905				
	b	Less cost or other basis and sales expenses	93,520				
	c	Gain or (loss)	98,385				
	d	Net gain or (loss)		98,385			98,385
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 185,064				
	b	Less cost of goods sold	b 146,082				
	c	Net income or (loss) from sales of inventory		38,982			38,982
		Miscellaneous Revenue	Business Code				
	11a	AMBULANCE	621910	1,049,155	1,049,155		
	b	OTHER SERVICES	900099	712,423	712,423		
	c	NON OPERATING IH, INV	900099	399,974	399,974		
	d	All other revenue		139,629	139,629		
	e	**Total.** Add lines 11a–11d		2,301,181			
	12	**Total revenue.** See Instructions		92,603,204	90,109,576	213,355	565,278

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	169,854	169,854		
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	198,287		198,287	
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	28,733,115	28,524,547	208,568	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,040,935	1,033,379	7,556	
9	Other employee benefits	3,554,368	3,528,283	26,085	
10	Payroll taxes	2,088,812	2,073,132	15,680	
11	Fees for services (non-employees)				
a	Management	5,604,952	5,364,407	240,545	
b	Legal				
c	Accounting				
d	Lobbying	27,105		27,105	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	1,592,260	1,397,284	194,976	
12	Advertising and promotion	12,543	7,301	5,242	
13	Office expenses	8,355,784	8,278,184	77,600	
14	Information technology	3,710,805	108,374	3,602,431	
15	Royalties . .				
16	Occupancy	3,497,124	3,376,734	120,390	
17	Travel	338,453	331,641	6,812	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	47,796	46,666	1,130	
20	Interest	245,142	245,142		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	3,946,293	3,946,293		
23	Insurance	811,147	244,047	567,100	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	CORPORATE OVERHEAD ALLO	8,145,334		8,145,334	
b	PROVISION FOR BAD DEBT	6,810,254	6,810,254		
c	PATIENT CHARGEABLE SUPP	5,499,550	5,499,550		
d	MISCELLANEOUS EXPENSE	3,794,554	1,501,346	2,293,208	
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	88,224,467	72,486,418	15,738,049	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		4,620	1	4,141
	2	Savings and temporary cash investments		18,659,621	2	17,868,586
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		15,899,596	4	17,555,234
	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		2,261,478	8	2,258,554
	9	Prepaid expenses and deferred charges		388,788	9	659,801
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 102,828,049			
	b	Less accumulated depreciation	10b 63,736,352	35,809,581	10c	39,091,697
	11	Investments—publicly traded securities		663,832	11	
	12	Investments—other securities See Part IV, line 11		1,962,113	12	2,070,420
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		196,412	15	196,357
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		75,846,041	16	79,704,790
Liabilities	17	Accounts payable and accrued expenses		5,297,435	17	6,402,493
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		8,477,977	23	7,750,000
	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		5,378,856	25	4,580,749
	26	**Total liabilities.** Add lines 17 through 25		19,154,268	26	18,733,242
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		56,288,451	27	60,668,171
	28	Temporarily restricted net assets		359,030	28	303,377
	29	Permanently restricted net assets		44,292	29	0
		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		56,691,773	33	60,971,548
	34	Total liabilities and net assets/fund balances		75,846,041	34	79,704,790

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	92,603,204
2	Total expenses (must equal Part IX, column (A), line 25)	2	88,224,467
3	Revenue less expenses Subtract line 2 from line 1	3	4,378,737
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	56,691,773
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-98,962
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	60,971,548

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

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 C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
GENESIS HEALTH SYSTEM	36-3616314

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		0
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		2,000
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		2,008
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		25,105
j	Total lines 1c through 1i			29,113
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	PART II-B, LINE 1B, PAID STAFF OR MANAGEMENT GENESIS HEALTH SYSTEM - ILLINOIS HAD TWO STAFF MEMBERS INVOLVED IN LOBBYING ACTIVITIES ON A PART TIME BASIS THEIR LOBBYING ACTIVITIES ARE FOCUSED ON SENDING LETTERS OR PUBLICATIONS TO GOVERNMENT OFFICIALS OR LEGISLATORS AND MEETING WITH OR CALLING GOVERNMENT OFFICIALS OR LEGISLATORS ON HEALTHCARE RELATED MATTERS PART II-B, LINE 1D, MAILINGS TO MEMBERS, LEGISLATORS, OR THE PUBLIC EMPLOYEES OF GENESIS HEALTH SYSTEM - ILLINOIS ARE ENCOURAGED TO PARTICIPATE IN THE ILLINOIS HOSPITAL ASSOCIATION'S "IHA ACTION ALERTS " THE EMPLOYEES PARTICIPATE BY RESPONDING TO E-MAIL ALERTS WHICH ALLOWS THEM TO VOICE THEIR OPINIONS TO THEIR STATE REPRESENTATIVES ON HEALTHCARE RELATED MATTERS (NOT CANDIDATE-SPECIFIC) THERE IS NO DIRECT COST TO GENESIS HEALTH SYSTEM - ILLINOIS REGARDING THIS ACTIVITY PART II-B, LINE 1F, GRANTS TO OTHER ORGANIZATIONS FOR LOBBYING PURPOSES GENESIS HEALTH SYSTEM - ILLINOIS CONTRIBUTED TO ONE ORGANIZATION 1) QUAD CITIES CHAMBER - ILLINOIS LEGISLATIVE FORUM, 2012, $2,000 PART II-B, LINE 1G, DIRECT CONTACT WITH LEGISLATORS, THEIR STAFFS, GOVERNMENT OFFICIALS, OR A LEGISLATIVE BODY GENESIS HEALTH SYSTEM - ILLINOIS HAD TWO STAFF MEMBERS INVOLVED IN LOBBYING ACTIVITIES ON A PART TIME BASIS THEIR LOBBYING ACTIVITIES ARE FOCUSED ON SENDING LETTERS OR PUBLICATIONS TO GOVERNMENT OFFICIALS OR LEGISLATORS AND MEETING WITH OR CALLING GOVERNMENT OFFICIALS OR LEGISLATORS ON HEALTHCARE RELATED MATTERS THE DIRECT COSTS INCLUDED SALARIES - $1,957, AND MILEAGE/TRAVEL EXPENSES - $51 PART II-B, LINE 1I, OTHER LOBBYING ACTIVITIES LOBBYING EXPENDITURES RELATED TO MEMBERSHIP DUES INCLUDED 27% OF MEMBERSHIP DUES TO THE ILLINOIS HOSPITAL ASSOCIATION, OR $19,285, AND 25% OF MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION, OR $5,820

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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
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

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	5,519,844	5,040,857	5,010,740	5,224,450	
b Contributions	2,014,051	16,614	28,352	30,636	
c Investment earnings or losses	99,448	465,988	297,861	-243,446	
d Grants or scholarships			296,096	900	
e Other expenditures for facilities and programs					
f Administrative expenses	100	3,616			
g End of year balance	7,633,243	5,519,844	5,040,857	5,010,740	

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

- a Board designated or quasi-endowment ▶ 49 980 %
- b Permanent endowment ▶ 50 020 %
- 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)		No
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	Yes	

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

Part VI 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		2,355,591		2,355,591
b Buildings		55,054,368	30,445,328	24,609,040
c Leasehold improvements		16,771	9,052	7,719
d Equipment		41,493,730	31,725,462	9,768,268
e Other		3,907,589	1,556,510	2,351,079
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				39,091,697

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
DUE TO AFFILIATES	2,339,227
THIRD PARTY PAYOR SETTLEMENTS	1,834,713
ACCRUED INS TRUST LOSSES	406,809
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	4,580,749

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	GENESIS HEALTH SERVICES FOUNDATION, A RELATED ORGANIZATION, HOLDS THE ENDOWMENT FUNDS THE INTENDED USE OF THE FOUNDATION'S ENDOWMENT FUNDS ARE AS FOLLOWS SCHOLARSHIPS FOR EDUCATION IN THE MEDICAL FIELD, CHARITY CARE FOR THE INDIGENT AND VISITING NURSE, HOSPICE HOUSE, DIABETIC CARE, EMPLOYEE ASSISTANCE, AND PEDIATRIC HOSPICE SERVICES
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	GHS IOWA, GHS ILLINOIS, THE GENESIS HEALTH SERVICES FOUNDATION, THE ILLINI HOSPITAL FOUNDATION AND THE GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST ALL FILE A FORM 990 (RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX) ANNUALLY WHEN THESE RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD ULTIMATELY BE SUSTAINED EXAMPLES OF TAX POSITIONS COMMON TO HEALTH SYSTEMS INCLUDE SUCH MATTERS AS THE FOLLOWING THE TAX EXEMPT STATUS OF EACH ENTITY, THE NATURE, CHARACTERIZATION AND TAXABILITY OF JOINT VENTURE INCOME AND VARIOUS POSITIONS RELATIVE TO POTENTIAL SOURCES OF UNRELATED BUSINESS TAXABLE INCOME UNRELATED BUSINESS TAXABLE INCOME IS REPORTED ON FORM 990T, AS APPROPRIATE THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES THAT IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY TAX POSITIONS ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS TAX POSITIONS THAT MEET THE "MORE LIKELY THAN NOT" RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50% LIKELY TO BE REALIZED ON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY THE PORTION OF THE BENEFITS ASSOCIATED WITH TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE IS REFLECTED AS A LIABILITY FOR UNCERTAIN TAX BENEFITS IN THE ACCOMPANYING CONSOLIDATED BALANCE SHEETS ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION FORMS 990 AND 990T FILED BY GHS IOWA, GHS ILLINOIS, THE GENESIS HEALTH SERVICES FOUNDATION, THE ILLINI HOSPITAL FOUNDATION AND THE GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS) UP TO THREE YEARS FROM THE EXTENDED DUE DATE OF EACH RETURN FORMS 990 AND 990T FILED BY GHS IOWA, GHS ILLINOIS, THE GENESIS HEALTH SERVICES FOUNDATION, THE ILLINI HOSPITAL FOUNDATION AND THE GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST ARE NO LONGER SUBJECT TO EXAMINATION FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND PRIOR GENVENTURES, INC IS A TAXABLE ORGANIZATION AND CURRENTLY FILES INCOME TAX RETURNS IN THE U S FEDERAL JURISDICTION AND VARIOUS STATE JURISDICTIONS GENVENTURES, INC IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS JUNE 30, 2008 AND PRIOR FOR THE YEARS ENDED JUNE 30, 2012 AND 2011, UNCERTAIN TAX POSITIONS HAVE REDUCED INCOME TAX EXPENSE AND HAVE INCREASED EXCESS OF REVENUE OVER EXPENSES BY NONE AND $45,000, RESPECTIVELY FOR THE YEARS ENDED JUNE 30, 2012 AND 2011, THERE WAS NO INTEREST EXPENSE ASSOCIATED WITH UNCERTAIN TAX POSITIONS NO AMOUNT HAS BEEN ACCRUED FOR PENALTIES

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

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

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

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

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

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

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

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

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

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

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

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

Part IV Foreign Forms

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

Additional Data

Software ID:
Software Version:
EIN: 36-3616314
Name: GENESIS HEALTH SYSTEM

Part V **Supplemental Information**

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

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

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		No
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		
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)			2,162,729	0	2,162,729	2 660 %
b Medicaid (from Worksheet 3, column a)			15,301,114	11,957,802	3,343,312	4 110 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0		
d **Total** Charity Care and Means-Tested Government Programs			17,463,843	11,957,802	5,506,041	6 770 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			11,749	0	11,749	0 010 %
f Health professions education (from Worksheet 5)			0	0		
g Subsidized health services (from Worksheet 6)			0	0		
h Research (from Worksheet 7)			0	0		
i Cash and in-kind contributions for community benefit (from Worksheet 8)			71,743	0	71,743	0 090 %
j **Total** Other Benefits			83,492		83,492	0 100 %
k **Total.** Add lines 7d and 7j			17,547,335	11,957,802	5,589,533	6 870 %

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			109		109	0 %
8 Workforce development			8,937		8,937	0 010 %
9 Other						
10 **Total**			9,046		9,046	0 010 %

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	2,452,435		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
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	24,761,081		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	25,777,187		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-1,016,106		
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 1 LARSON CENTER PARTNERSHIP LLC	PROPERTY MANAGEMENT	75 600 %	0 %	22 730 %
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	GENESIS MEDICAL CENTER - ILLINI 801 ILLINI DRIVE SILVIS,IL 61282	X	X					X		

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)

GENESIS MEDICAL CENTER - ILLINI

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**	Yes	
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? **6**

	Name and address	Type of Facility (Describe)
1	ILLINI RESTORATIVE CARE 1455 ILLINI DRIVE SILVIS,IL 61282	L-T INTERMEDIATE, NSG, & SHELTERED CARE
2	ILLINI LARSON CENTER 855 ILLINI DRIVE SILVIS,IL 61284	I/P PHARMACY & O/P LAB
3	CROSSTOWN SQUARE 900 CROSSTOWN SQUARE SILVIS,IL 61282	INDEPENDENT LIVING FACILITY
4	ILLINI AMBULANCE SERVICE 730 AVENUE OF THE CITIES EAST MOLINE,IL 61244	AMBULANCE SERVICES
5	ILLINI - BUILDING #3 1414 10TH STREET SILVIS,IL 61282	OUTPATIENT DIAGNOSTIC CLINIC
6	PHYSICAL THERAPY CLINIC KING PLAZA 3650 AVENUE OF THE CITIES MOLINE,IL 61265	OUTPATIENT PHYSICAL THERAPY CLINIC
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 3C NOT APPLICABLE

Identifier	ReturnReference	Explanation
		PART I, LINE 6A NOT APPLICABLE

Identifier	ReturnReference	Explanation
		PART I, LINE 7 GENESIS HEALTH SYSTEM UTILIZED WORKSHEET 2 TO CALCULATE ITS COST-TO-CHARGE RATIO THE CALCULATED COST-TO-CHARGE RATIO WAS USED TO CALCULATE THE COST OF CHARITY CARE AND UNREIMBURSED MEDICAID THE COST OF SUBSIDIZED HEALTH SERVICES WAS OBTAINED FROM GENESIS HEALTH SYSTEM'S COST ACCOUNTING SYSTEM (I E , DECISION SUPPORT SYSTEM) THAT CALCULATES THE PER UNIT REIMBURSEMENT AND COST FOR EACH TYPE OF SERVICE AND SUPPLY THAT THE NON-MEDICARE AND NON-MEDICAID PATIENTS CONSUMED IN THE DEPARTMENTS REPORTED COSTS OF THE "OTHER BENEFITS" (EXCLUDING SUBSIDIZED HEALTH SERVICES) REPORTED IN 7E -7I WERE COMPILED THROUGHOUT THE YEAR IN THE COMMUNITY BENEFIT DATABASE (I E , CBISA) THAT GENESIS HEALTH SYSTEM UTILIZES

Identifier	ReturnReference	Explanation
		PART I, LINE 7G NO COSTS ASSOCIATED WITH A PHYSICIAN CLINIC WERE REPORTED IN SUBSIDIZED HEALTH SERVICES

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) $6,810,255 OF BAD DEBT EXPENSE IS SUBTRACTED FOR PURPOSES OF COMPUTING THE PERCENTAGE IN PART I, LINE 7K, COLUMN F THE ORGANIZATION'S TOTAL COMMUNITY BENEFIT EXPENSE AS A PERCENTAGE OF TOTAL EXPENSES, LESS BAD DEBT, IS 21 55%, AND THE PERCENTAGE INCREASES TO 53 21% IF MEDICARE ALLOWABLE COSTS ARE INCLUDED IN TOTAL COMMUNITY BENEFIT EXPENSE

Identifier	ReturnReference	Explanation
		PART II COMMUNITY HEALTH IMPROVEMENT ADVOCACY GENESIS HEALTH SYSTEM LIVES ITS MISSION BY CONTINUALLY ADVOCATING AT LOCAL-LEVEL EVENTS, PROGRAMS AND FUNCTIONS, FOR THE IMPROVEMENT OF COMMUNITY HEALTH AND POLICY CHANGES TO IMPROVE HEALTHCARE PROGRAMS' EFFECTIVENESS WORKFORCE DEVELOPMENT GENESIS HEALTH SYSTEM AND UNITED TOWNSHIP HIGH SCHOOL CO-OPERATE A PROGRAM THAT TEACHES LIFE AND JOB SKILLS TO THE MENTALLY DISABLED

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED LESS AMOUNTS COVERED BY THIRD-PARTY PAYORS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES BASED ON A REVIEW OF ALL OUTSTANDING AMOUNTS ON A MONTHLY BASIS RECEIVABLES DUE FROM MEDICAL OFFICE BUILDING TENANTS AND FROM COMMERCIAL LAUNDRY CUSTOMERS ARE CARRIED AT THE ORIGINAL INVOICE AMOUNT LESS AN ESTIMATE MADE FOR DOUBTFUL ACCOUNTS MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLED ACCOUNTS, BY HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS, AND BY CONSIDERING THE PATIENT'S FINANCIAL HISTORY, CREDIT HISTORY AND CURRENT ECONOMIC CONDITIONS THE SYSTEM DOES NOT CHARGE INTEREST ON PATIENT RECEIVABLES RECEIVABLES ARE WRITTEN OFF AS BAD DEBTS WHEN DEEMED UNCOLLECTIBLE RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF BAD DEBT EXPENSE WHEN RECEIVED THE RATIONALE AND COSTING METHODOLOGY USED TO CALCULATE BAD DEBT EXPENSE AT COST (LINE 2) CONSISTED OF MULTIPLYING THE TOTAL BAD DEBT EXPENSE PER THE INCOME STATEMENT BY THE RATIO OF PATIENT CARE COST TO CHARGES TO ARRIVE AT ESTIMATED COST OF BAD DEBT PAYMENTS RECEIVED AFTER AN ACCOUNT HAD BEEN WRITTEN OFF TO BAD DEBT WERE CREDITED TO A BAD DEBT RECOVERY ACCOUNT DISCOUNTS ON PATIENT ACCOUNTS PROVIDED BY THIRD-PARTY PAYERS WERE WRITTEN OFF TO A CONTRACTUAL ALLOWANCE ACCOUNT GENESIS HEALTH SYSTEM CONTRACTS WITH AVADYNE HEALTH TO PROCESS AGING PATIENT ACCOUNTS AVADYNE HEALTH'S COLLECTION PROCESS UTILIZES PUBLICLY AVAILABLE INFORMATION TO ENSURE ALL AGING PATIENT ACCOUNTS RECEIVE FINANCIAL ASSISTANCE IN ACCORDANCE TO GENESIS HEALTH SYSTEMS' POLICY BEFORE BEING DEEMED BAD DEBT GENESIS HEALTH SYSTEM REPORTED ZERO DOLLARS FOR THE ESTIMATED AMOUNT OF THE ORGANIZATION'S BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT REPORTED IN PART III, LINES 5, 6, AND 7 FOR THE HOSPITAL IN ADDITION, GENESIS HEALTH SYSTEM - ILLINOIS CALCULATED ITS MEDICARE SHORTFALL TWO WAYS FOR SUPPLEMENTAL INFORMATIONAL PURPOSES THESE CALCULATIONS WERE COMPUTED USING THE GROSS PATIENT REVENUE BY PAYOR MIX AND CONVERTED TO COST USING THE COST TO CHARGE RATIO FROM PART I, WORKSHEET 2 THE PAYMENT RATE WAS CALCULATED BY DIVIDING THE MEDICARE PAYMENTS BY MEDICARE CHARGES USING A 12-MONTH ZERO BALANCE REPORT THE SHORTFALL IS THE DIFFERENCE BETWEEN THE PAYMENTS AND THE COSTS A UTILIZING THE PAYOR MIX AND ZERO BALANCE REPORT FOR GENESIS MEDICAL CENTER (GMC) - ILLINI CAMPUS, COMBINED WITH ITS COST TO CHARGE RATIO OF 36 01%, CALCULATED USING WORKSHEET 2, GMC - ILLINI HOSPITAL'S MEDICARE SHORTFALL IS $4,143,126 -SECTION B MEDICARE - ILLINI HOSPITAL USING COST TO CHARGE RATIO5 TOTAL REVENUE RECEIVED FROM MEDICARE $30,315,052 6 ALLOWABLE COSTS OF CARE $34,458,1787 SURPLUS (SHORTFALL) ($4,143,126)B UTILIZING THE PAYOR MIX AND ZERO BALANCE REPORT FOR GMC - ILLINI CAMPUS AND GMC - ILLINI NURSING HOME, ALONG WITH EACH BUSINESS UNIT'S RESPECTIVE COST TO CHARGE RATIO OF 36 01% AND 81 27%, CALCULATED USING WORKSHEET 2, THE GHS-ILLINOIS MEDICARE SHORTFALL IS $5,486,795 - SECTION B MEDICARE - INDIVIDUAL ADDED - ILLINI HOSPITAL & INH5 TOTAL REVENUE RECEIVED FROM MEDICARE $32,912,926 6 ALLOWABLE COSTS OF CARE $38,399,7217 SURPLUS (SHORTFALL) ($5,486,795)NO MEDICARE SHORTFALLS WERE INCLUDED IN COMMUNITY BENEFIT THE MEDICARE SHORTFALL REPRESENTS THE DIFFERENCE BETWEEN THE TOTAL REVENUE RECEIVED FROM MEDICARE BASED ON MEDICARE REIMBURSEMENT RATES AND THE COSTS INCURRED BY GENESIS HEALTH SYSTEM IN PROVIDING HEALTHCARE SERVICES TO THE ELDERLY IN 2012, THE PERCENT OF PERSONS 65 YEARS AND OVER IN ROCK ISLAND AND SCOTT COUNTIES WAS 18 6% IN ACCORDANCE WITH GENESIS HEALTH SYSTEM'S MISSION STATEMENT, "TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED," THE ELDERLY WERE SERVED DESPITE THE MEDICARE LOSS OF $1,016,106 GENESIS HEALTH SYSTEM HAS A CLEAR MISSION TO SERVE ALL THOSE IN NEED AND TO IMPROVE THE HEALTH OF THE COMMUNITY INCLUDING THE ELDERLY FURTHERMORE, THERE ARE NO FOR-PROFIT HOSPITALS IN THE COMMUNITY, AND THEREFORE GENESIS HEALTH SYSTEM IS ONE OF TWO TAX-EXEMPT HEALTHCARE ORGANIZATIONS IN THE COMMUNITY WHO PROVIDE ACCESS TO HEALTHCARE FOR MEDICARE PATIENTS ACCORDINGLY, IT IS GENESIS HEALTH SYSTEM'S POSITION FOR THE REASONS STATED ABOVE THAT THE MEDICARE SHORTFALL OF $1,016,106 REPRESENTS A COMMUNITY BENEFIT PURSUANT TO THE INSTRUCTIONS TO THE FORM 990, SCHEDULE H, THE MEDICARE SHORTFALL IS NOT INCLUDED IN PART I, LINE 7 IF THE MEDICARE SHORTFALL WAS INCLUDED IN PART I, LINE 7, THEN PART I, LINE 7K, COLUMN F WOULD BE 8 11%

Identifier	ReturnReference	Explanation
		PART III, LINE 9B EVERY EFFORT IS MADE TO DETERMINE A PATIENT'S ELIGIBILITY FOR FINANCIAL ASSISTANCE IF ELIGIBLE, PAYMENT PLANS ARE MADE AVAILABLE BASED ON THEIR RESOURCES AND INCOME ALL BALANCES OWING AFTER FINANCIAL ASSISTANCE ALLOWANCES HAVE BEEN TAKEN ARE PAYABLE IN MONTHLY PAYMENTS IN ACCORDANCE WITH THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 GENESIS HEALTH SYSTEM UTILIZES THE COMMUNITY HEALTH ASSESSMENTS CREATED BY THE QUAD CITY HEALTH INITIATIVE (QCHI) AND THE COMMUNITY VITALITY TASK FORCE OF UNITED WAY QCHI WAS FORMED BY GENESIS HEALTH SYSTEM, WHICH IS HEADQUARTERED IN SCOTT COUNTY, IOWA, AND TRINITY REGIONAL HEALTH SYSTEM, WHICH IS HEADQUARTERED IN ROCK ISLAND COUNTY, ILLINOIS QCHI IS NOW A COMMUNITY PARTNERSHIP OF OVER 100 ORGANIZATIONS CONSISTING OF 500 ACTIVE INDIVIDUALS PURSUING INITIATIVES TO CREATE A HEALTHIER COMMUNITY, SERVING AS A CATALYST FOR IMPROVING THE HEALTH AND OVERALL QUALITY OF LIFE WITHIN THE QUAD CITIES A COMMUNITY HEALTH ASSESSMENT WAS CONDUCTED BY PROFESSIONAL RESEARCH CONSULTANTS, INC , IN 2012

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 INFORMATION ON THE AVAILABILITY OF FINANCIAL ASSISTANCE IS POSTED IN VISIBLE LOCATIONS IN THE ADMISSION DEPARTMENTS OF THE HOSPITALS IN ADDITION, THE HOSPITAL REGISTRATION STAFF MAKE AVAILABLE INFORMATIVE BROCHURES FOR PATIENTS IN THE EMERGENCY ROOM REGISTRATION AREA EXPLAINING THEIR ELIGIBILITY FOR ASSISTANCE GENESIS HEALTH SYSTEM PROVIDES PATIENT FINANCIAL COUNSELORS ON EACH HOSPITAL CAMPUS TO DISCUSS OPTIONS WITH THE PATIENTS SHARED BUSINESS SERVICES PREPARES AND PROVIDES A LETTER TO EACH PATIENT, EXPLAINING THEIR CURRENT BALANCE AND ADVISING THEM OF THEIR OPTIONS A PHONE NUMBER IS PROVIDED WITH THE LETTER ENCOURAGING THE PATIENT TO CALL IF NEEDED IN ADDITION, THE GENESIS HEALTH SYSTEM WEBSITE ALSO LISTS THE OPTIONS FOR PAYMENT, AND ON A MONTHLY BASIS A POWER POINT PRESENTATION IS GIVEN TO INCOMING CANCER PATIENTS INFORMING THEM OF THEIR PAYMENT OPTIONS THE OUTPATIENT PHYSICIAN CLINICS AND THE HOME HEALTH DIVISION MAKE AVAILABLE THEIR FINANCIAL POLICY BROCHURES ALONG WITH DIRECTING PATIENTS TO GOVERNMENT PROGRAMS SUCH AS SCHIP

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 GENESIS HEALTH SYSTEM'S MISSION IS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED GENESIS LIVES ITS MISSION EACH AND EVERY DAY BY SERVING A 10-COUNTY REGION OF EASTERN IOWA AND WESTERN ILLINOIS, INCLUDING BOTH URBAN AND RURAL AREAS THE REGION SERVED BY GENESIS HEALTH SYSTEM HAS A POPULATION OF 379,690 ACCORDING TO THE 2010 CENSUS, WHITES MADE UP 88 4% OF THE POPULATION WITH 8 3% BLACK OR AFRICAN-AMERICAN AND 7 6% HISPANIC OR LATINO ORIGIN MEDIAN AGE OF THE POPULATION OF THE REGION IS 40 6 YEARS MORE THAN 30% OF THE POPULATION OF THE REGION IS GREATER THAN 50 YEARS OLD, WHICH WILL CREATE A CONTINUED AND EXPANDED NEED FOR HEALTH CARE SERVICES IN THE NEXT 20 YEARS THE PERCENT OF PERSONS 65 YEARS AND OVER WAS 18 6% IN ROCK ISLAND AND SCOTT COUNTIES ACCORDING TO ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS), 11 9% OF QUAD CITIES AREA RESIDENTS (SCOTT AND ROCK ISLAND COUNTIES) LIVE BELOW THE FEDERAL POVERTY IN 2012, 2 0% OF QUAD CITIES AREA ADULTS REPORTED THAT THERE WAS A TIME IN THE PAST TWO YEARS WHEN THEY WERE LIVING ON THE STREET, IN A CAR, OR IN A TEMPORARY SHELTER THE AVERAGE UNEMPLOYMENT RATE IN 2009 WAS 9 2% FOR ROCK ISLAND COUNTY, ILLINOIS AND 6 6% IN SCOTT COUNTY, IOWA THE PERCENTAGE OF PEOPLE AGES 18-64 WHO DID NOT HAVE ANY HEALTH INSURANCE IN 2012 WAS 9 3% IN ROCK ISLAND COUNTY, ILLINOIS AND 11 4% IN SCOTT COUNTY, IOWA THE QUAD CITIES AREA PERCENTAGE OF ADULTS WHO CURRENTLY SMOKED IN 2012 WAS 19 4% THE PERCENTAGE OF ADULTS WHO WERE OBESE IN 2012 WAS 33 4% IN ROCK ISLAND COUNTY, ILLINOIS AND 33 6% IN SCOTT COUNTY, IOWA

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 GENESIS HEALTH SYSTEM'S BOARD OF DIRECTORS IS A DIVERSE REPRESENTATION OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA THAT GENESIS HEALTH SYSTEM SERVES GENESIS EXECUTIVES AND EMPLOYEES SERVE ON DOZENS OF VOLUNTEER BOARDS THROUGHOUT THE REGION ON IMPORTANT PROJECTS AND INITIATIVES, SUCH AS NEW LIBRARY CONSTRUCTION, HOMELESS SHELTERS, MENTAL HEALTH, DOWNTOWN REDEVELOPMENT AND EVENTS AND FESTIVALS GENESIS EMPLOYEES SERVE THE COMMUNITIES WHERE THEY LIVE BY SERVING IN ELECTED OFFICES IN CITY AND COUNTY GOVERNMENT GENESIS HEALTH SYSTEM EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITIES GENESIS HEALTH SYSTEM HAS ENDEAVORED TO IMPROVE ACCESS TO HEALTH CARE FOR THE COMMUNITIES IT SERVES BY PARTICIPATING IN APPROPRIATE JOINT VENTURES THAT OFFER NEEDED HEALTH CARE SERVICES TO UNDER-SERVED AREAS GENESIS HEALTH SYSTEM SCHEDULES DOZENS OF HEALTH SCREENINGS AND IMMUNIZATIONS THROUGHOUT THE YEAR AT A REDUCED COST THESE INCLUDE SCREENINGS FOR DIABETES, STROKE AND HEART DISEASE AND PUBLIC FLU IMMUNIZATION CLINICS GENESIS HAS DONATED FUNDING FOR OUTDOOR EXERCISE COURSES CALLED GENESIS HEALTHBEAT IN DAVENPORT, IA , MOLINE, IL , AND DEWITT, IA GENESIS SPONSORS GENESIS ADVENTURES IN NURSING (GAIN), A CAMP FOR CHILDREN INTERESTED IN HEALTH CARE CAREERS GENESIS EMPLOYEES SERVE AS MENTORS AND INSTRUCTORS DURING CAMP WEEK GENESIS EMPLOYEES MAKE MEDICAL MISSION TRIPS EACH YEAR TO AREAS OF NEED ALL OVER THE WORLD GENESIS EMPLOYEES, WITH THE SUPPORT OF THE HEALTH SYSTEM, HAVE PROVIDED RELIEF TO HAITI AFTER THE EARTHQUAKE AND DURING THE CHOLERA OUTBREAK AND TO TRADITIONALLY IMPOVERISHED COUNTRIES, INCLUDING PERU, ECUADOR, THE DOMINICAN REPUBLIC, HAITI AND TO AFRICAN NATIONS GENESIS EMPLOYEES SUPPORT COMMUNITY OUTREACH PROGRAMS THROUGH A PROGRAM CALLED "TAKIN IT TO THE STREETS " PROJECTS HAVE INCLUDED PRIMARY SPONSORSHIP OF A HABITAT FOR HUMANITY HOUSE (280 VOLUNTEERS), COLLECTION OF 18,000 ITEMS FOR DOMESTIC VIOLENCE SHELTERS AND HUMILITY OF MARY HOMELESS SHELTER, X-STREAM CLEANUP (85 VOLUNTEERS), A CLEANUP PROJECT OF RIVERS AND STREAMS EMPLOYEES HAVE USED THEIR COLLECTIVE IMPACT TO SECURE DONATIONS FOR FOOD PANTRIES GENESIS HAS REDUCED ITS ENVIRONMENTAL FOOTPRINT ON THE COMMUNITIES IT SERVES BY IMPLEMENTING BULK WASTE RECYCLING, POLYSTYRENE RECYCLING, REDUCING SHARPS DISPOSAL, AND IMPLEMENTING WATER RUNOFF MEASURES IN 2012, GENESIS WILL BEGIN BUILDING A MEDICAL OFFICE PARK IN MOLINE, IL ON LAND THAT WAS REMEDIATED BY GENESIS FROM A LANDFILL SITE GREEN FEATURES WILL BE INTEGRATED INTO THE SITE AND THE DESIGN OF THE BUILDING GENESIS SPONSORS AND HOSTS A VERY POPULAR ANNUAL BOY SCOUT MERIT BADGE DAY TO ASSIST SCOUTS IN WORKING TOWARD FIRST AID AND MEDICINE MERIT BADGES PROFESSIONAL HEALTH CARE STAFF VOLUNTEER TO INSTRUCT THE SCOUTS FOR THE DAY GENESIS MAINTAINS AN ACTIVE EFFORT TO ADVOCATE FOR ACCESS TO HEALTH CARE IN IOWA AND ILLINOIS STATE GOVERNMENT AND IN WASHINGTON D C GENESIS EMPLOYEES PARTICIPATE IN A VOTER VOICE INITIATIVE TO ALSO ADVOCATE ON IMPORTANT HEALTH ISSUES WITH CITY, COUNTY, STATE AND NATIONAL ELECTED OFFICIALS SURPLUS FUNDS RESULTING FROM EFFICIENT OPERATIONS AND COST-CONTAINMENT MEASURES ARE RE-INVESTED IN THE HEALTHCARE OPERATIONS OF GENESIS HEALTH SYSTEM TO IMPROVE THE HEALTHCARE SERVICES THAT GENESIS PROVIDES ADVANCES IN MEDICAL EQUIPMENT AND TECHNOLOGY, STAFF EDUCATION, AND NEW MEDICAL SERVICES ARE EXAMPLES OF OPERATIONAL INVESTMENTS THAT ULTIMATELY IMPROVE THE HEALTH OF THE COMMUNITIES THAT GENESIS SERVES

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 GENESIS HEALTH SYSTEM (TAX ID #42-1418847), AN IOWA NONPROFIT CORPORATION , AND GENESIS HEALTH SYSTEM (TAX ID #36-3616314), AN ILLINOIS NOT-FOR-PROFIT CORPORATION, HAVE IDENTICAL GOVERNING BOARDS, MANAGEMENT AND BYLAWS AND CAN ACT JOINTLY GENESIS HEALTH SYSTEM (TAX ID #42-1418847) IS ALSO THE SOLE MEMBER OF GENESIS HEALTH SERVICES FOUNDATION AND GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST, THE SOLE STOCKHOLDER OF GE NVENTURES, INC , A MEMBER OF MISERICORDIA ASSURANCE COMPANY, LTD AND A PARTNER IN GENGAST RO, LLC GENESIS HEALTH SYSTEM (TAX ID #36-3616314) IS A PARTNER IN THE LARSON CENTER PART NERSHIP GENESIS HEALTH SYSTEM (TAX ID #42-1418847) OPERATES THE FOLLOWING BUSINESS UNITS T O PROMOTE THE HEALTH OF THE COMMUNITIES IT SERVES GENESIS HEALTH SYSTEM PROVIDES ADMINISTR ATIVE, MANAGEMENT, INFORMATION TECHNOLOGY AND OTHER SUPPORT SERVICES TO ITS AFFILIATES GE NESIS CLINICAL SERVICES GHS OWNS AND OPERATES PHYSICIAN MEDICAL PRACTICES, CONVENIENT CAR E PRACTICES, OPERATES AN OCCUPATIONAL MEDICINE CLINIC AND PROVIDES BEHAVIORAL HEALTH SERVI CES TO THE RESIDENTS OF EASTERN IOWA AND WESTERN ILLINOIS GENESIS MEDICAL CENTER - DAVENP ORT (GMC - DAVENPORT) IS LICENSED AS A 502-BED ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM TWO HOSPITAL FACILITIES LOCATED IN DAVENPORT, IOWA GENESIS FAMILY MEDICAL CENTER (G FMC) IS A FAMILY PRACTICE RESIDENCY TRAINING PROGRAM THAT OPERATES CLINICS IN DAVENPORT AN D BLUE GRASS, IOWA TO PROVIDE A CLINICAL SETTING FOR THE RESIDENTS TO TREAT PATIENTS GENE SIS MEDICAL CENTER - DEWITT (GMC - DEWITT) IS CERTIFIED AS A CRITICAL ACCESS HOSPITAL, WHI CH HAS 13-ACUTE CARE AND SWING BEDS, AND HAS A 77-BED LONG-TERM CARE FACILITY, WHICH PROVI DES SERVICES FROM ITS FACILITY IN DEWITT, IOWA GENESIS ILLINOIS PROPERTIES (GIP) O WNS LAN D LOCATED IN MOLINE, ILLINOIS DURING THE YEAR ENDED JUNE 30, 2012, GIP SOLD ITS LAND TO G ENESIS MEDICAL CENTER - ILLINI AND GIP WAS DISCONTINUED AS A BUSINESS UNIT GENESIS VISITI NG NURSE ASSOCIATION AND HOSPICE (VNA) PROVIDES HOME HEALTH CARE, COMMUNITY NURSING SERVIC ES AND HOSPICE SERVICES TO PATIENTS IN EASTERN IOWA AND WESTERN ILLINOIS GENESIS MEDICAL CENTER - ILLINI (GMC - ILLINI) IS LICENSED AS A 149-BED ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM ITS FACILITY IN SILVIS, ILLINOIS ILLINI HOSPITAL NURSING HOME (INH) OPERATE S ILLINI RESTORATIVE CARE CENTER AND CROSSTOWN SQUARE ILLINI RESTORATIVE CARE CENTER IS A 120-BED LICENSED NURSING FACILITY, CONSISTING OF 75 SKILLED CARE BEDS AND 45 SHELTERED CA RE BEDS TWENTY-TWO OF THE SKILLED CARE BEDS ARE DESIGNATED AS HOSPITAL-BASED MEDICARE CER TIFIED BEDS THE SHELTERED CARE UNIT PROVIDES REHABILITATIVE AND PERSONAL CARE IN A FAMILY -ORIENTED SETTING CROSSTOWN SQUARE IS AN INDEPENDENT LIVING FACILITY CONTAINING 76 RENTAB LE APARTMENTS AND TWO GUEST ROOMS THAT OFFERS SERVICES DESIGNED TO MEET THE NEEDS OF SENIO R ADULTS GHS IOWA AND GHS ILLINOIS HAVE A CONTROLLING OWNERSHIP INTEREST OR MEMBERSHIP IN THE FOLLOWING ORGANIZATIONS GENESIS HEALTH SERVICES FOUNDATION (GENESIS FOUNDATION) IS A N ORGANIZATION WHOSE MISSION IS TO DEVELOP, MANAGE AND GRANT CHARITABLE SUPPORT TO MEET TH E HEALTH-RELATED NEEDS OF THE COMMUNITIES SERVED BY GENESIS HEALTH SYSTEM THE GENESIS FOU NDATION IS REFERRED TO AS THE FOUNDATION ILLINI HOSPITAL FOUNDATION (ILLINI FOUNDATION) S UPPORTS GMC - ILLINI BY PROVIDING FINANCIAL AND FUNDRAISING ASSISTANCE THE MISSION OF THE ILLINI FOUNDATION IS TO ASSIST GMC - ILLINI IN PROVIDING QUALITY, COMPASSIONATE CARE FOR ALL THOSE IN NEED BY RAISING, MANAGING AND GRANTING CHARITABLE FUNDS DURING THE YEAR ENDE D JUNE 30, 2012, ILLINI FOUNDATION MERGED WITH GENESIS FOUNDATION AND ILLINI FOUNDATION WA S DISSOLVED THE LARSON CENTER PARTNERSHIP (LCP) IS A FOR-PROFIT REAL ESTATE PARTNERSHIP W HICH OWNS A MEDICAL OFFICE BUILDING ADJACENT TO GMC - ILLINI AND LEASES SPACE FOR CLINICS, LABORATORY, PHARMACY AND OFFICES TO GMC - ILLINI AND OTHER THIRD-PARTY ORGANIZATIONS GHS ILLINOIS IS A GENERAL PARTNER AND OWNS APPROXIMATELY 75 6% OF LCP GENVENTURES, INC (GENV ENTURES) IS A WHOLLY-OWNED FOR-PROFIT CORPORATION WHICH OPERATES THE FOLLOWING DIVISIONS, PRIMARILY IN THE QUAD CITIES GENESIS AT HOME, CONTINUING CARE SELLS AND LEASES HOME MEDICA L EQUIPMENT, PROVIDES INTRAVENOUS THERAPY SERVICES, INCLUDING SALES OF RELATED SOLUTIONS A ND SUPPLIES TO PATIENTS, AND PROVIDES RETAIL PHARMACEUTICAL AND OVER-THE-COUNTER PRODUCTS TO PATIENTS AND EMPLOYEES OF THE SYSTEM GENPROPERTIES OWNS, LEASES AND/OR MANAGES OFFICE S PACE IN 14 MEDICAL OFFICE BUILDINGS LOCATED IN DAVENPORT, ELDRIDGE, LECLAIRE, MUSCATINE AN D BETTENDORF, IOWA CRESCENT LAUNDRY PROVIDES COMMERCIAL LAUNDRY SERVICES TO HEALTH CARE FA CILITIES IN EASTERN IOWA AND IN NORTH-CENTRAL ILLINOIS GENESIS HEALTH SYSTEM WORKERS' COMP ENSATION PLAN AND TRUST (WORKERS' COMPENSATION TRUST) PROVIDES A FUND WHICH CAN BE USED TO PAY WORKERS' COMPENSATION CLAIMS AND COSTS FOR THE BENEFIT OF GENESIS HEALTH SYSTEM MISER ICORDIA ASSURANCE COMPANY, LTD (MISERICORDIA) IS

Identifier	ReturnReference	Explanation
		A WHOLLY-OWNED CAYMAN BASED CAPTIVE INSURANCE COMPANY WHICH UNDERWRITES THE GENERAL AND PROFESSIONAL LIABILITY RISKS OF GENESIS HEALTH SYSTEM AND AFFILIATES GENGASTRO, LLC (D/B/A THE CENTER FOR DIGESTIVE HEALTH) IS A LIMITED LIABILITY COMPANY, WHICH WAS FORMED IN 2003, A SINGLE-SPECIALTY GASTROENTEROLOGY AMBULATORY SURGERY CENTER LOCATED IN BETTENDORF, IOWA IN DECEMBER 2010, GENESIS HEALTH SYSTEM ACQUIRED AN ADDITIONAL 16 67% INTEREST IN GENGASTRO AND MAINTAINED A 66 67% OWNERSHIP INTEREST AS OF JUNE 30, 2011 UPON OBTAINING A CONTROLLING INTEREST, THE SYSTEM CONSOLIDATED THE ACCOUNTS OF GENGASTRO, LLC IN ITS CONSOLIDATED FINANCIAL STATEMENTS IN JANUARY 2011 DURING THE YEAR ENDED JUNE 30, 2012, GENESIS HEALTH SYSTEM ACQUIRED AN ADDITIONAL 8 33% INTEREST IN GENGASTRO, LLC FROM NONCONTROLLING INTERESTS AND MAINTAINS A 75% OWNERSHIP INTEREST AS OF JUNE 30, 2012 DAVENPORT SRS LEASING, LLC (SRS) IS A LIMITED LIABILITY COMPANY, WHICH WAS FORMED IN 2008, WHICH LEASES MEDICAL EQUIPMENT GENESIS HEALTH SYSTEM MAINTAINED A 93 75% OWNERSHIP INTEREST AS OF JUNE 30, 2011 DURING THE YEAR ENDED JUNE 30, 2012, GMC - DAVENPORT ACQUIRED THE REMAINING INTEREST OF SRS, TO OBTAIN 100% OWNERSHIP UPON OBTAINING 100% OWNERSHIP, THE ASSETS, LIABILITIES AND OPERATIONS OF SRS WERE TRANSFERRED TO GMC - DAVENPORT AND SRS WAS DISSOLVED GENESIS ACCOUNTABLE CARE ORGANIZATION, LLC (GENESIS ACO) THE GENESIS ACO IS AN IOWA LIMITED LIABILITY COMPANY FORMED IN DECEMBER 2011 ITS PURPOSE IS TO ENGAGE IN ANY LAWFUL BUSINESS AND ANY BUSINESS RELATED TO CREATION AND ORGANIZATION OF A "PHYSICIAN-DRIVEN" NETWORK TO ACT AS, AND/OR PARTICIPATE IN, AN ACCOUNTABLE CARE ORGANIZATION WITHIN THE MEANING OF THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT THE COMPANY IS ALSO ORGANIZED TO DEVELOP A CLINICALLY INTEGRATED NETWORK OF PROVIDERS INCLUDING PHYSICIANS, HEALTH PROFESSIONALS, HOSPITALS AND ANCILLARY PROVIDERS WORKING TOGETHER TO PROMOTE HIGH QUALITY, COORDINATED AND EFFICIENT CARE TO PATIENTS INCLUDING MEMBERS OF VARIOUS MANAGED CARE PAYORS AND THE COMMUNITY AT LARGE THE GENESIS ACO HAD NO FINANCIAL ACTIVITY DURING THE YEAR ENDED JUNE 30, 2012

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST1227 EAST RUSHOLME STREET DAVENPORT,IA 52803	39-1905171	501(C)(3)	155,549				CLAIM PAYMENTS
(2) GENESIS HEALTH SYSTEM - IOWA1227 EAST RUSHOLME STREET DAVENPORT,IA 52803	42-1418847	501(C)(3)	7,860				DEDUCTIONS BY MEDICAL STAFF, DIRECTED TOWARDS MEDICAL EDUCATION PURPOSES AND THE PERLMUTTER LIBRARY AT THE GMC, ILLINOIS CAMPUS
(3) GENESIS HEALTH SERVICES FOUNDATION 1227 EAST RUSHOLME STREET DAVENPORT,IA 52803	42-1421670	501(C)(3)	5,100				UNRESTRICTED DONATIONS BY THE MEDICAL STAFF TO SUPPORT THE MISSION OF THE GENESIS HEALTH SERVICES FOUNDATION

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 3

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE GENESIS HEALTH SYSTEM - ILLINOIS STAFF REQUIRES RECEIPTS AND OTHER DOCUMENTATION PRIOR TO RELEASING FUNDS FOR PROJECTS AND SERVICES WITHIN THE SCOPE OF THE ORGANIZATION'S MISSION PROPER AUTHORIZATION OF GRANT REQUESTS IS ALSO REQUIRED STAFF FOLLOWS THE ORGANIZATION'S FUNDING ADMINISTRATIVE POLICY TO ENSURE THAT GRANTS ARE BEING APPROVED AND UTILIZED CORRECTLY

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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
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) DOUGLAS P CROPPER	(i)	0	0	0	0	0	0	0
	(ii)	560,169	0	40,824	222,056	24,405	847,454	0
(2) GEORGE J KONTOS JR MD	(i)	0	0	0	0	0	0	0
	(ii)	494,699	0	40,772	9,800	18,216	563,487	0
(3) MARK G ROGERS	(i)	0	0	0	0	0	0	0
	(ii)	254,279	0	53,248	101,521	13,046	422,094	0
(4) ROBERT W FRIEDEN	(i)	0	0	0	0	0	0	0
	(ii)	230,219	0	94,875	15,894	20,501	361,489	0
(5) FLORENCE L SPYROW	(i)	130,146	0	11,087	46,588	1,044	188,865	0
	(ii)	152,780	0	13,015	54,690	1,225	221,710	0
(6) KENNETH R CROKEN	(i)	0	0	0	0	0	0	0
	(ii)	197,200	0	60,994	45,123	18,875	322,192	0
(7) JAMES A LEHMAN MD	(i)	0	0	0	0	0	0	0
	(ii)	254,253	0	90,504	71,404	14,154	430,315	0
(8) JULIE MANAS	(i)	0	0	0	0	0	0	0
	(ii)	190,053	0	188,683	7,157	10,789	396,682	0
(9) JUDITH MONDELLO	(i)	0	0	0	0	0	0	0
	(ii)	213,448	0	140,500	41,565	8,703	404,216	0
(10) ROBERT C TRAVIS	(i)	0	0	0	0	0	0	0
	(ii)	215,755	0	105,301	98,911	16,116	436,083	0
(11) HEIDI S KAHLY-MCMAHON	(i)	0	0	0	0	0	0	0
	(ii)	161,960	0	17,616	55,206	18,420	253,202	0
(12) ROBERT M NELSON MD	(i)	0	0	0	0	0	0	0
	(ii)	178,775	0	67,856	38,686	15,862	301,179	0
(13) JUDITH K PRANGER	(i)	0	0	0	0	0	0	0
	(ii)	183,585	0	168,464	57,689	12,355	422,093	89,919
(14) MIKE L SHARP	(i)	0	0	0	0	0	0	0
	(ii)	143,246	0	82,433	57,390	14,917	297,986	39,942

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	GENESIS HEALTH SYSTEM PROVIDES THE FOLLOWING TO INDIVIDUALS REPORTED IN PART VII, SECTION A, LINE 1A TRAVEL FOR COMPANIONS THIS BENEFIT IS OFFERED TO ALL EMPLOYEES THE ORGANIZATION REQUIRES REIMBURSEMENT OF THESE EXPENSES DIRECTLY TO THE ORGANIZATION GROSS-UP PAYMENTS THIS BENEFIT IS OFFERED TO QUALIFYING EXECUTIVES WHO HAD CONTRIBUTIONS MADE ON THEIR BEHALF IN THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN CONTRIBUTIONS TO THE PLAN ARE INCLUDED WITH REPORTABLE COMPENSATION FOR INDIVIDUALS WITH VESTED CONTRIBUTIONS
	PART I, LINE 4B	THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN IN 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA, A RELATED ORGANIZATION ROBERT C TRAVIS - $64,692, AND JAMES A LEHMAN, M D - $50,324 THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2011 AND THE GROSS-UP PAYMENT TO COVER TAX THIS INFORMATION IS INCLUDED IN REPORTABLE COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J, PART II THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVING BENEFIT PLAN IN 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA, A RELATED ORGANIZATION KENNETH R CROKEN - $28,908, ROBERT W FRIEDEN - $80,498, JUDITH MONDELLO - $100,291, ROBERT M NELSON, M D - $26,086, JUDITH K PRANGER - $142,899, MIKE L SHARP - $60,684 THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2011 THIS INFORMATION IS INCLUDED IN REPORTABLE COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J, PART II THE FOLLOWING INDIVIDUALS ALSO PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA KENNETH R CROKEN - $28,908, DOUGLAS P CROPPER - $212,256, HEIDI S KAHLY-MCMAHON - $44,290, JUDITH MONDELLO - $31,765, ROBERT M NELSON, M D - $26,086, MARK G ROGERS - $88,100, MIKE L SHARP - $19,093, AND FLORENCE L SPYROW - $91,478 THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2011 THIS INFORMATION IS INCLUDED IN DEFERRED COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J PART II
SUPPLEMENTAL INFORMATION	PART III	PART I, LINE 3 GENESIS HEALTH SYSTEM - ILLINOIS RELIES ON GENESIS HEALTH SYSTEM - IOWA TO DETERMINE THE COMPENSATION OF THE ORGANIZATION'S TOP MANAGEMENT OFFICIALS, OFFICERS, DIRECTORS, AND KEY EMPLOYEES GENESIS HEALTH SYSTEM - IOWA UTILIZES A COMPENSATION COMMITTEE, AN INDEPENDENT COMPENSATION CONSULTANT, A WRITTEN EMPLOYMENT CONTRACT, A COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE COMPENSATION COMMITTEE TO DETERMINE SUCH COMPENSATION PART II, COLUMN F THE FOLLOWING INDIVIDUAL ALSO PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2009, 2010, AND 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA, A RELATED ENTITY JUDITH K PRANGER - $89,919 AND MIKE L SHARP - $39,942 THE DOLLAR AMOUNT REPRESENTS PRIOR YEAR CONTRIBUTIONS MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2009 AND 2010 THIS INFORMATION WAS INCLUDED IN DEFERRED COMPENSATION ON THE PRIOR YEARS' FORM 990, PART VII AND SCHEDULE J, PART II THESE INDIVIDUALS REACHED A SPECIFIED LEVEL OF VESTING IN 2011, SO THE DOLLAR AMOUNT IS NOW INCLUDED IN REPORTABLE COMPENSATION ON THE CURRENT YEAR FORM 990, PART VII AND SCHEDULE J, PART II THE DOLLAR AMOUNT IS ALSO LISTED AS COMPENSATION REPORTED IN A PRIOR FORM 990 ON THE CURRENT YEAR FORM 990, SCHEDULE J, PART II

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) WELLMARK HEALTH PLAN OF IOWA INC	SEE BELOW IN PART V	3,920,719	GENESIS HEALTH SYSTEM (GHS) OBTAINS EMPLOYEE HEALTH INSURANCE COVERAGE AND ISSUES REFUNDS FOR OVERPAYMENTS TO WELLMARK HEALTH PLAN OF IOWA, INC		No
(2) WELLMARK HEALTH PLAN OF IOWA INC	SEE BELOW IN PART V	1,599,258	GHS HAS A PROVIDER SERVICE AGREEMENT FOR PATIENT MEDICAL SERVICES WITH WELLMARK HEALTH PLAN OF IOWA, INC		No
(3) LARSON CENTER PARTNERSHIP	SEE BELOW IN PART V	702,514	FACILITY LEASE PAYMENTS		No
(4) GENVENTURES INC	SEE BELOW IN PART V	617,602	GHS PAID GENVENTURES, INC FOR MEDICAL SUPPLIES AND LAUNDRY SERVICES		No
(5) GENVENTURES INC	SEE BELOW IN PART V	20,530	PAYMENT FROM GENVENTURES, INC FOR MEDICAL SUPPLIES		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE L, PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - WELLMARK HEALTH PLAN OF IOWA, INC	DOUGLAS P CROPPER IS THE BOARD PRESIDENT/CEO OF GHS AND A DIRECTOR ON THE BOARD OF WELLMARK HEALTH PLAN OF IOWA, INC
FORM 990, SCHEDULE L, PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - LARSON CENTER PARTNERSHIP	FLORENCE L SPYROW IS A KEY EMPLOYEE OF GHS-IL AND THE VOTING REPRESENTATIVE IN THE LARSON CENTER PARTNERSHIP, OF WHICH GHS-IL IS A PARTNER
FORM 990, SCHEDULE L, PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - GENVENTURES, INC	MARK G ROGERS AND ROGER A HILL ARE OFFICERS, FLORENCE L SPYROW IS A KEY EMPLOYEE, JAMES W KOEHLER IS A DIRECTOR, AND MIKE L SHARP IS A FORMER KEY EMPLOYEE OF GHS AND ARE REPORTED ON THE FORM 990, PART VII DURING THE TAX YEAR, MARK G ROGERS, ROGER A HILL, JAMES W KOEHLER, AND MIKE L SHARP WERE OFFICERS OF GENVENTURES, INC , AND FLORENCE L SPYROW WAS A DIRECTOR OF GENVENTURES, INC

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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
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	INTERNAL MANAGEMENT REVIEW IS COMPLETED OF THE COMPILED INFORMATION PRIOR TO PREPARATION AND REVIEW BY MCGLADREY LLP FOLLOWING MCGLADREY LLP'S PREPARATION AND REVIEW OF THE FORM 990, IT IS REVIEWED WITH THE ORGANIZATION'S VICE PRESIDENT, FINANCE/CFO, VICE PRESIDENT, LEGAL AFFAIRS, AND VICE PRESIDENT, HUMAN RESOURCES THE FORM 990 IS THEN REVIEWED AT A JOINT MEETING OF THE ORGANIZATION'S FINANCE COMMITTEE AND AUDIT & COMPLIANCE COMMITTEE PRIOR TO SUBMITTING THE FORM 990 TO THE IRS, IT IS E-MAILED TO THE ORGANIZATION'S BOARD OF DIRECTORS ONE WEEK IN ADVANCE OF A SCHEDULED MEETING AT THE BOARD OF DIRECTORS MEETING, INTERNAL MANAGEMENT REVIEWS THE FORM 990 WITH THE BOARD OF DIRECTORS SUGGESTED CHANGES FROM ALL OF THESE REVIEWS ARE CONSIDERED FOR INCLUSION IN THE FINAL FORM 990 SUBMITTED TO THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ANY COVERED PERSON, DEFINED AS ANY DIRECTOR, OFFICER, OR MEMBER OF A BOARD OR BOARD COMMITTEE OF GENESIS HEALTH SYSTEM (GHS) OR AN AFFILIATE, SHOULD DISCLOSE AN INTEREST OR POTENTIAL INTEREST AS SOON AS THEY BECOME AWARE OF A POTENTIAL TRANSACTION THAT WILL BE CONSIDERED BY MANAGEMENT, THE BOARD, OR A COMMITTEE OF THE BOARD COVERED PERSONS ARE REQUIRED ANNUALLY TO DISCLOSE ANY POSSIBLE PERSONAL, FAMILY, OR BUSINESS RELATIONSHIPS THAT REASONABLY COULD GIVE RISE TO AN INTEREST OR CONFLICT INVOLVING GHS, OR AN AFFILIATE, OR WITH RESPECT TO DESIGNATED FACILITIES AND ACTIVITIES, AND ACKNOWLEDGE BY HIS OR HER SIGNATURE THAT HE OR SHE IS FAMILIAR WITH AND IS IN COMPLIANCE WITH THE LETTER AND SPIRIT OF THIS POLICY ANY COVERED PERSON FOUND TO HAVE A CONFLICT OF INTEREST MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING TO PRESENT INFORMATION AND ADDRESS ANY QUESTIONS RAISED BY OTHER DIRECTORS OR COMMITTEE MEMBERS SAID PERSON SHALL NOT BE ALLOWED TO ACTIVELY AND AGGRESSIVELY ADVOCATE IN HIS OR HER OWN BEHALF NOR SHALL SUCH PERSON ADVOCATE HIS OR HER POSITION INFORMALLY THROUGH PRIVATE CONTACT, COMMUNICATION AND DISCUSSION WITH ANOTHER DIRECTOR AFTER SUCH PRESENTATION, THE PERSON SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE APPLICABLE TRANSACTION OR ARRANGEMENT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	EACH EXECUTIVE POSITION IS EVALUATED USING A FORMAL EVALUATION PLAN THAT IS ESTABLISHED BY AN OUTSIDE CONSULTANT AT THE PRESENT TIME, THE CONSULTANT USES A POINT SYSTEM FOR JOB EVALUATION THE POINT VALUES ARE BASED ON "KNOW HOW", "PROBLEM SOLVING", "ACCOUNTABILITY", AND OTHER JOB ATTRIBUTES SPECIFIC TO THE POSITION ONCE THE POINT VALUE IS SET FOR A POSITION, MARKET COMPARISONS FOR JOBS WITH THE SAME ORGANIZATIONAL IMPACT CAN BE COMPARED FOR SALARY PURPOSES AND ESTABLISH PAY RANGES THE DESIGN OF THE PAY RANGES FOR EXECUTIVES IS BASED ON MARKET DATA THE MIDPOINT OF EACH PAY RANGE IS ESTABLISHED AT THE 50TH PERCENTILE OF THE MARKET COMPARISONS A MINIMUM GUIDELINE IS ESTABLISHED AT THE 25TH PERCENTILE, AND A MAXIMUM GUIDELINE IS SET AT THE 75TH PERCENTILE SPECIFIC PAY RATES FOR EXECUTIVES ARE SUBJECT TO CEO AND COMPENSATION COMMITTEE AND THE GHS BOARD OF DIRECTORS APPROVAL PAY RANGES ARE REVIEWED EACH YEAR TO DETERMINE THE NEED FOR REVISION WHEN MARKET CONDITIONS SUGGEST AN ADJUSTMENT TO PAY RANGES, DATA WILL BE PRESENTED TO THE COMPENSATION COMMITTEE FOR ITS REVIEW THE SPECIFIC PAY RANGES ARE SUBJECT TO CEO, COMPENSATION COMMITTEE, AND GENESIS HEALTH SYSTEM (GHS) BOARD OF DIRECTOR APPROVAL THE PRESIDENT AND CEO HAS THE AUTHORITY AND RESPONSIBILITY TO ESTABLISH AND ADJUST, WITHIN THE RANGE APPROVED BY THE COMPENSATION COMMITTEE AND THE GHS BOARD OF DIRECTORS, THE BASE COMPENSATION OF EACH EXECUTIVE EMPLOYED BY GHS, AT APPROPRIATE TIMES THE GHS BOARD OF DIRECTORS SHALL ESTABLISH AND ADJUST, WITHIN THE RANGE APPROVED BY THE COMPENSATION COMMITTEE, THE BASE COMPENSATION FOR THE CEO OF GHS, AT APPROPRIATE TIMES THE LAST TIME THIS PROCESS WAS FORMALLY UNDERTAKEN WAS NOVEMBER 2012

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 983 CHANGE IN NET ASSETS OF THE FOUNDATION -99,945 TOTAL TO FORM 990, PART XI, LINE 5 -98,962

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE OVERSIGHT AND SELECTION PROCESS HAS NOT CHANGED FROM THE PRIOR TAX YEAR

Identifier	Return Reference	Explanation
	FORM 990, PART VII, LINE 1A	GENESIS HEALTH SYSTEM, EIN 42-1418847, AND GENESIS HEALTH SYSTEM, EIN 36-3616314 HAVE IDENTICAL GOVERNING BOARDS AND AN IDENTICAL EXECUTIVE MANAGEMENT TEAM THE HOURS REPORTED ON FORM 990, PART VII, SECTION A, COLUMN (B) REPRESENTS THE NUMBER OF HOURS THESE INDIVIDUALS DEVOTE TO BOTH ORGANIZATIONS FURTHERMORE, THE AMOUNTS REPORTED AS REPORTABLE COMPENSATION FOR THE OFFICERS, KEY EMPLOYEES, AND HIGHLY COMPENSATED EMPLOYEES, UNLESS OTHERWISE NOTED ELSEWHERE IN PART VII, ARE FOR SERVICES RENDERED ON BEHALF OF BOTH ORGANIZATIONS IT WOULD BE ADMINISTRATIVELY IMPRACTICABLE FOR MEMBERS OF THE GOVERNING BOARD AND THE EXECUTIVE TEAM TO BREAKOUT THEIR HOURS DEVOTED AS WELL AS THEIR REPORTABLE COMPENSATION BETWEEN EACH ORGANIZATION ALL REPORTABLE COMPENSATION, UNLESS OTHERWISE NOTED IN PART VII, IS PAID BY GENESIS HEALTH SYSTEM, EIN 42-1418847

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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
GENESIS HEALTH SYSTEM

Employer identification number
36-3616314

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
(1) GENESIS OUTPATIENT PHYSICAL THERAPY LLC 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 20-8389282	OUTPATIENT PHYSICAL THERAPY SERVICES	IA	0	0	GENESIS HEALTH SYSTEM - 42-1418847
(2) GENESIS ACCOUNTABLE CARE ORGANIZATION LLC 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 45-4168932	ACCOUNTABLE CARE SERVICES	IA	0	0	GENESIS HEALTH SYSTEM - 42-1418847
(3) SPIN ECHO LLC 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1491373	PROPERTY MANAGEMENT	IA	83,862	1,614,570	GENVENTURES INC

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
(1) GENESIS HEALTH SYSTEM - IOWA 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1418847	HEALTHCARE	IA	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	
(2) GENESIS HEALTH SERVICES FOUNDATION 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1421670	CHARITY	IA	501(C)(3)	LINE 7	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(3) ILLINI HOSPITAL FOUNDATION 801 ILLINI DRIVE SILVIS, IL 61282 36-6208583	CHARITY	IL	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 36-3616314	Yes	
(4) GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 39-1905171	EMPLOYEE/BENEFIT/TRUST	IA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(5) DAVENPORT HOSPITAL AMBULANCE CORP 1204 EAST HIGH STREET DAVENPORT, IA 52803 42-1186903	AMBULANCE TRANSFERS	IA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(6) GENESIS SENIOR LIVING ALEDO 309 NW NINTH AVENUE ALEDO, IL 61231 45-4475803	SENIOR LIVING SERVICES	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	
(7) GENESIS MEDICAL CENTER ALEDO 409 NW NINTH AVENUE ALEDO, IL 61231 45-4475683	HEALTHCARE	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	

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
(1) GENGASTRO LLC 2222 53RD AVENUE BETTENDORF, IA 52722 56-2315623	AMBULATORY SURGERY CENTER	IA	N/A									
(2) SPRING PARK SURGERY CENTER LLC 3319 SPRING STREET STE 202A DAVENPORT, IA 52807 42-1483989	OUTPATIENT SURGICAL CENTER	IA	N/A									
(3) LARSON CENTER PARTNERSHIP 801 ILLINI DRIVE SILVIS, IL 61282 36-3738454	PROPERTY MANAGEMENT	IL	GENESIS HEALTH SYSTEM 36-3616314	RELATED	450,133	2,039,797		No		Yes		75 600 %
(4) DAVENPORT SRS LEASING LLC 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 26-1655144	LEASING	IA	N/A									
(5) GENORTHO LLC 2300 53RD AVENUE BETTENDORF, IA 52722 20-3406994	ORTHOPAEDIC SURGERY CENTER	IA	N/A									
(6) GENRAD IMAGING LLC 1970 E 53RD ST DAVENPORT, IA 52807 45-3571628	OUTPATIENT RADIOLOGY SERVICES	IA	N/A									

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) GENVENTURES INC 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1269171	SUPPORT SERVICES/PROPERTY MANAGEMENT	IA	N/A	C			
(2) GENESIS HEART INSTITUTE 1236 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1504979	HEALTHCARE MANAGEMENT	IA	N/A	C			
(3) MISERICORDIA ASSURANCE COMPANY LTD PO BOX 1051 GRAND CAYMAN CJ 98-0457943	OTHER FINANCIAL VEHICLE	CJ	N/A	C			
(4) MOB 1 OWNERS' ASSOCIATION 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 27-0865075	PROPERTY MANAGEMENT	IA	N/A	C			

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

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

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) 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: 36-3616314
Name: GENESIS HEALTH SYSTEM

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	
GENESIS HEALTH SYSTEM - IOWA 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1418847	HEALTHCARE	IA	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	
GENESIS HEALTH SERVICES FOUNDATION 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1421670	CHARITY	IA	501(C)(3)	LINE 7	GENESIS HEALTH SYSTEM 42-1418847	Yes	
ILLINI HOSPITAL FOUNDATION 801 ILLINI DRIVE SILVIS, IL 61282 36-6208583	CHARITY	IL	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 36-3616314	Yes	
GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 39-1905171	EMPLOYEE/BENEFIT/TRUST	IA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42-1418847	Yes	
DAVENPORT HOSPITAL AMBULANCE CORP 1204 EAST HIGH STREET DAVENPORT, IA 52803 42-1186903	AMBULANCE TRANSFERS	IA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42-1418847	Yes	
GENESIS SENIOR LIVING ALEDO 309 NW NINTH AVENUE ALEDO, IL 61231 45-4475803	SENIOR LIVING SERVICES	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	
GENESIS MEDICAL CENTER ALEDO 409 NW NINTH AVENUE ALEDO, IL 61231 45-4475683	HEALTHCARE	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1) GENESIS HEALTH SYSTEM - IOWA	A	229,443	FAIR MARKET VALUE
(2) GENESIS HEALTH SYSTEM WORKERS COMPENSATION PLAN & TRUST	B	155,549	FAIR MARKET VALUE
(3) GENESIS HEALTH SYSTEM - IOWA	G	1,860,599	FAIR MARKET VALUE
(4) GENESIS HEALTH SYSTEM - IOWA	I	229,443	FAIR MARKET VALUE
(5) LARSON CENTER PARTNERSHIP	J	345,799	FAIR MARKET VALUE
(6) LARSON CENTER PARTNERSHIP	J	356,715	FAIR MARKET VALUE
(7) GENESIS HEALTH SYSTEM- IOWA	K	8,190,651	FAIR MARKET VALUE
(8) GENVENTURES INC	L	545,253	FAIR MARKET VALUE
(9) DAVENPORT HOSPITAL AMBULANCE CORPORATION	L	248,625	FAIR MARKET VALUE
(10) MISERICORDIA ASSURANCE COMPANY LTD	L	139,504	FAIR MARKET VALUE
(11) GENESIS HEALTH SYSTEM - IOWA	O	89,420,979	FAIR MARKET VALUE
(12) GENESIS HEALTH SERVICES FOUNDATION	O	108,783	FAIR MARKET VALUE
(13) GENESIS HEALTH SERVICES FOUNDATION	P	324,915	FAIR MARKET VALUE
(14) GENESIS HEALTH SYSTEM - IOWA	P	6,037,468	FAIR MARKET VALUE
(15) ILLINI HOSPITAL FOUNDATION	P	145,884	FAIR MARKET VALUE
(16) LARSON CENTER PARTNERSHIP	Q	345,799	FAIR MARKET VALUE
(17) DAVENPORT HOSPITAL AMBULANCE CORPORATION	Q	248,625	FAIR MARKET VALUE
(18) MISERICORDIA ASSURANCE COMPANY LTD	Q	139,504	FAIR MARKET VALUE
(19) LARSON CENTER PARTNERSHIP	Q	356,715	FAIR MARKET VALUE
(20) GENESIS HEALTH SERVICES FOUNDATION	Q	324,915	FAIR MARKET VALUE

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(21)	GENVENTURES INC	Q	72,349	FAIR MARKET VALUE
(22)	GENVENTURES INC	Q	545,253	FAIR MARKET VALUE
(23)	GENESIS HEALTH SYSTEM - IOWA	Q	6,037,468	FAIR MARKET VALUE
(24)	ILLINI HOSPITAL FOUNDATION	Q	145,884	FAIR MARKET VALUE
(25)	GENESIS HEALTH SYSTEM WORKERS COMPENSATION PLAN & TRUST	Q	105,570	FAIR MARKET VALUE
(26)	GENESIS HEALTH SYSTEM - IOWA	R	89,420,979	FAIR MARKET VALUE
(27)	GENESIS HEALTH SYSTEM - IOWA	R	8,190,651	FAIR MARKET VALUE
(28)	GENVENTURES INC	R	72,349	FAIR MARKET VALUE
(29)	LARSON CENTER PARTNERSHIP	R	189,062	FAIR MARKET VALUE
(30)	GENESIS HEALTH SERVICES FOUNDATION	R	108,783	FAIR MARKET VALUE

Genesis Health System and Related Organizations

Consolidated Financial Report
June 30, 2012

Contents

McGladrey

Independent Auditor's Report

To the Audit and Compliance Committee
Genesis Health System
Davenport, Iowa

We have audited the accompanying consolidated balance sheets of Genesis Health System and related organizations (System) 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 the System's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits We did not audit the financial statements of Misericordia Assurance Company, Ltd , a consolidated subsidiary, which statements reflect total assets and revenue constituting approximately 4% and 1%, respectively, of the related consolidated totals in 2012 and 2011 Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Misericordia Assurance Company, Ltd , is based solely on the report of the other auditors

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 and the report of the other auditors provide a reasonable basis for our opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Genesis Health System and related organizations as of June 30, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

McGladrey LLP

Davenport, Iowa
October 24, 2012

Genesis Health System
and Related Organizations

Consolidated Balance Sheets
June 30, 2012 and 2011

Assets	**2012**	2011
Current Assets		
Cash and cash equivalents	**$ 73,634,131**	$ 76,241,207
Short-term investments	**931,534**	1,239,132
Receivables		
Patients, net	**84,743,485**	79,121,728
Other, including assets limited as to use	**22,180,490**	14,414,865
Inventories, supplies and materials	**12,564,239**	13,709,309
Prepaid expenses and deposits	**6,677,839**	5,766,598
Total current assets	**200,731,718**	190,492,839
Investments	**61,688,505**	54,388,983
Assets Limited as to Use		
Internally designated	**155,221,439**	157,863,185
Under bond indenture, funds held by trustee	**-**	5,899,175
Interest in net assets of Foundation	**772,332**	737,849
Donor restricted	**18,565,591**	17,278,889
	174,559,362	181,779,098
Property and Equipment, net	**249,305,518**	248,326,560
Other Assets		
Bond issuance costs, net	**761,945**	775,920
Goodwill	**30,730,877**	30,730,877
Other	**958,230**	1,456,314
	32,451,052	32,963,111
	$ 718,736,155	$ 707,950,591

See Notes to Consolidated Financial Statements

Liabilities and Net Assets	**2012**	2011
Current Liabilities		
Current maturities of long-term debt	**$ 8,170,148**	$ 8,245,803
Accounts payable	**23,519,054**	17,530,976
Accrued salaries and wages	**10,228,100**	14,592,771
Accrued paid leave	**18,024,440**	16,646,147
Due to third-party payors	**8,455,553**	5,471,502
Unpaid losses and loss adjustment expenses	**13,660,547**	15,364,020
Other accrued expenses	**7,605,956**	7,424,008
Total current liabilities	**89,663,798**	85,275,227
Long-Term Debt, less current maturities	**88,094,376**	96,477,661
Unpaid Losses and Loss Adjustment Expenses, Retirement Benefits and Other Long-Term Liabilities	**48,189,338**	31,410,274
Commitments and Contingent Liabilities (Note 11)		
Total liabilities	**225,947,512**	213,163,162
Net Assets		
Unrestricted	**465,032,263**	465,923,057
Noncontrolling interests - unrestricted	**8,418,457**	10,847,634
Temporarily restricted	**15,520,089**	16,112,867
Permanently restricted	**3,817,834**	1,903,871
	492,788,643	494,787,429
	$ 718,736,155	$ 707,950,591

Genesis Health System
and Related Organizations

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

	2012	2011
Change in unrestricted net assets		
Unrestricted revenue		
Net patient service revenue	**$ 523,704,368**	$ 515,041,430
Other service revenue, net of cost of revenue		
2012 $11,819,576, 2011 $12,031,987	**10,192,518**	11,591,934
Medical office building rental revenue	**1,932,130**	1,463,388
Other revenue	**26,995,965**	14,050,197
Total revenue	**562,824,981**	542,146,949
Expenses		
Salaries and wages	**230,714,637**	223,166,468
Employee benefits	**50,809,244**	54,366,072
Contracted professionals and services	**43,766,867**	40,843,532
Supplies	**82,681,048**	86,171,666
Other expenses	**70,636,846**	61,469,867
Provision for bad debts	**32,190,774**	27,792,024
Interest	**4,680,180**	5,303,384
Depreciation and amortization	**35,801,041**	36,178,677
Total expenses	**551,280,637**	535,291,690
Operating income	**11,544,344**	6,855,259
Nonoperating gains and losses		
Interest and dividend income and realized gains on sales of investments	**6,701,439**	7,780,802
Current year change in unrealized gains (losses) on trading securities	**(1,936,767)**	19,008,724
Other nonoperating income (losses)	**(523,106)**	588,871
Excess of fair value over equity acquired for GenGastro, LLC	**-**	24,765,464
Nonoperating gains	**4,241,566**	52,143,861
Excess of revenue over expenses	**15,785,910**	58,999,120
Less excess of revenue (over) expenses attributable to noncontrolling interests	**(1,212,084)**	(10,649,020)
Excess of revenue over expenses attributable to Genesis Health System	**14,573,826**	48,350,100
Net assets released from restrictions, for capital expenditures	**-**	2,511,419
Change in unrecognized funded status of retirement plan	**(15,464,620)**	20,918,020
Increase (decrease) in unrestricted net assets	**$ (890,794)**	$ 71,779,539

See Notes to Consolidated Financial Statements

Genesis Health System
and Related Organizations

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

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Noncontrolling Interests - Unrestricted Net Assets	Total Net Assets
Net assets, June 30, 2010	$ 394,143,518	$ 16,206,874	$ 1,651,558	$ 448,656	$ 412,450,606
Excess of revenue over expenses	48,350,100	-	-	10,649,020	58,999,120
Change in unrecognized funded status of retirement plan	20,918,020	-	-	-	20,918,020
Contributions, investment income and other	-	3,816,401	252,313	-	4,068,714
Net assets released from restrictions, for operating activities	-	(1,482,706)	-	-	(1,482,706)
Net assets released from restrictions, for capital expenditures	2,511,419	(2,511,419)	-	-	-
Change in interest in net assets of Foundation	-	83,717	-	-	83,717
Consolidate GenGastro, LLC	-	-	-	493,268	493,268
Distributions to noncontrolling interests	-	-	-	(743,310)	(743,310)
Change in net assets	71,779,539	(94,007)	252,313	10,398,978	82,336,823
Net assets, June 30, 2011	465,923,057	16,112,867	1,903,871	10,847,634	494,787,429
Excess of revenue over expenses	14,573,826	-	-	1,212,084	15,785,910
Change in unrecognized funded status of retirement plan	(15,464,620)	-	-	-	(15,464,620)
Purchase of investment from noncontrolling interests	-	-	-	(2,369,885)	(2,369,885)
Contributions, investment income and other	-	3,032,563	1,913,963	-	4,946,526
Net assets released from restrictions, for operating activities	-	(3,659,824)	-	-	(3,659,824)
Change in interest in net assets of Foundation	-	34,483	-	-	34,483
Distributions to noncontrolling interests	-	-	-	(1,271,376)	(1,271,376)
Change in net assets	(890,794)	(592,778)	1,913,963	(2,429,177)	(1,998,786)
Net assets, June 30, 2012	**$ 465,032,263**	**$ 15,520,089**	**$ 3,817,834**	**$ 8,418,457**	**$ 492,788,643**

See Notes to Consolidated Financial Statements

Genesis Health System
and Related Organizations

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

	2012	2011
Cash Flows from Operating Activities		
Change in net assets	**$ (1,998,786)**	$ 82,336,823
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**35,433,838**	35,991,783
Amortization	**367,203**	186,894
Excess of fair value over equity in GenGastro, LLC	**-**	(24,765,464)
Change in interest in net assets of Foundation	**(34,483)**	(83,717)
Loss on disposal of property and equipment	**363,045**	339,240
Earnings in (excess of) distributions of associated companies	**(1,439,968)**	(447,071)
Restricted contributions	**(2,963,775)**	(1,067,663)
Realized and unrealized (gains) on investments	**(1,749,429)**	(26,207,455)
Net changes in assets and liabilities		
(Increase) decrease in patient and other receivables	**(13,653,018)**	1,020,188
(Increase) decrease in inventories, supplies and materials	**1,145,070**	(1,155,607)
(Increase) in prepaid expenses and deposits	**(911,241)**	(1,215,441)
(Increase) decrease in funded status of retirement plan	**11,086,157**	(23,018,130)
Increase (decrease) in accounts payable	**5,988,078**	(1,079,268)
Increase in accrued expenses, due to third-party payors, retirement benefits and other	**4,434,691**	6,883,528
Net cash provided by operating activities	**36,067,382**	47,718,640
Cash Flows from Investing Activities		
Purchase of property and equipment	**(37,519,273)**	(28,684,459)
Proceeds from sale of equipment	**366,174**	92,389
Purchase of investments	**(57,762,213)**	(42,755,826)
Purchase of investment in associated company	**(1,496,019)**	(5,855,614)
Proceeds from sale of investments	**63,087,182**	54,632,560
Consolidate noncontrolling interests in GenGastro, LLC	**-**	(493,268)
(Increase) in other assets	**(21,192)**	(148,784)
Net cash (used in) investing activities	**(33,345,341)**	(23,213,002)
Cash Flows from Financing Activities		
Principal payments on long-term debt, including capital lease obligations	**(8,292,892)**	(7,431,341)
Restricted contributions	**2,963,775**	1,067,663
Net cash (used in) financing activities	**$ (5,329,117)**	$ (6,363,678)

(Continued)

Genesis Health System
and Related Organizations

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2012 and 2011

	2012	2011
Net increase (decrease) in cash and cash equivalents	**$ (2,607,076)**	$ 18,141,960
Cash and cash equivalents		
Beginning	**76,241,207**	58,099,247
Ending	**$ 73,634,131**	$ 76,241,207
Supplemental Disclosure of Cash Flow Information, cash payments for interest	**$ 5,777,859**	$ 5,305,504
Supplemental Disclosure of Noncash Investing and Financing Activities, contribution of property and equipment for an investment in associated company	**$ 377,258**	$ -
Supplemental Disclosures of Noncash Investing Activities, Acquisition of GenGastro, LLC		
Patient receivables acquired	**$ -**	$ 679,364
Property and equipment acquired	**-**	408,154
Accounts payable acquired	**-**	(97,951)
Consolidate GenGastro, LLC	**-**	(493,268)
Goodwill	**-**	(29,910,433)
Noncontrolling interests	**-**	9,796,670
Excess of fair value over equity acquired	**-**	24,765,464
Cash payment	**$ -**	$ 5,148,000

See Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Genesis Health System – Iowa (GHS Iowa), an Iowa nonprofit corporation, and Genesis Health System – Illinois (GHS Illinois), an Illinois not-for-profit corporation, have identical governing boards, management and bylaws and can act jointly GHS Iowa and GHS Illinois collectively represent the Obligated Group on certain of the System's long-term debt

GHS Iowa is also the sole member of Genesis Health Services Foundation and Genesis Health System Workers' Compensation Plan and Trust, the sole stockholder of GenVentures, Inc , a member of Misericordia Assurance Company, Ltd and a partner in GenGastro, LLC GHS Illinois is a partner in The Larson Center Partnership

GHS Iowa and GHS Illinois (collectively GHS) operate the following business units

Genesis Health System provides administrative, management, information technology and other support services to its affiliates

Genesis Clinical Services: GHS owns and operates physician medical practices, convenient care practices, operates an occupational medicine clinic and provides behavioral health services to the residents of eastern Iowa and western Illinois

Genesis Medical Center – Davenport (GMC – Davenport) is licensed as a 502-bed acute care hospital which provides services from two hospital facilities located in Davenport, Iowa

Genesis Family Medical Center (GFMC) is a family practice residency training program that operates clinics in Davenport and Blue Grass, Iowa to provide a clinical setting for the residents to treat patients

Genesis Medical Center – DeWitt (GMC – DeWitt) is certified as a critical access hospital, which has 13-acute care and swing beds, and has a 77-bed long-term care facility, which provides services from its facility in DeWitt, Iowa

Genesis Illinois Properties (GIP) owns land located in Moline, Illinois During the year ended June 30, 2012, GIP sold its land to Genesis Medical Center – Illini and GIP was discontinued as a business unit

Genesis Visiting Nurse Association and Hospice (VNA) provides home health care, community nursing services and hospice services to patients in eastern Iowa and western Illinois

Genesis Medical Center – Illini (GMC – Illini) is licensed as a 149-bed acute care hospital which provides services from its facility in Silvis, Illinois

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Illini Hospital Nursing Home (INH) operates Illini Restorative Care Center and Crosstown Square Illini Restorative Care Center is a 120-bed licensed nursing facility, consisting of 75 skilled care beds and 45 sheltered care beds Twenty-two of the skilled care beds are designated as hospital-based Medicare certified beds The sheltered care unit provides rehabilitative and personal care in a family-oriented setting Crosstown Square is an independent living facility containing 76 rentable apartments and two guest rooms that offers services designed to meet the needs of senior adults

GHS Iowa and GHS Illinois have a controlling ownership interest or membership in the following organizations

Genesis Health Services Foundation (Genesis Foundation) is an organization whose mission is to develop, manage and grant charitable support to meet the health-related needs of the communities served by Genesis Health System The Genesis Foundation is referred to as the Foundation

Illini Hospital Foundation (Illini Foundation) supports GMC – Illini by providing financial and fundraising assistance The mission of the Illini Foundation is to assist GMC – Illini in providing quality, compassionate care for all those in need by raising, managing and granting charitable funds

During the year ended June 30, 2012, Illini Foundation merged with Genesis Foundation and Illini Foundation was dissolved

The Larson Center Partnership (LCP) is a for-profit real estate partnership which owns a medical office building adjacent to GMC – Illini and leases space for clinics, laboratory, pharmacy and offices to GMC – Illini and other third-party organizations GHS Illinois is a general partner and owns approximately 75 6% of LCP

GenVentures, Inc. (GenVentures) is a wholly-owned for-profit corporation which operates the following divisions, primarily in the Quad Cities

Genesis at Home, Continuing Care sells and leases home medical equipment, provides intravenous therapy services, including sales of related solutions and supplies to patients, and provides retail pharmaceutical and over-the-counter products to patients and employees of the System

GenProperties owns, leases and/or manages office space in 14 medical office buildings located in Davenport, Eldridge, LeClaire, Muscatine and Bettendorf, Iowa

Crescent Laundry provides commercial laundry services to health care facilities in eastern Iowa and in north-central Illinois

Genesis Health System Workers' Compensation Plan and Trust (Workers' Compensation Trust) provides a fund which can be used to pay workers' compensation claims and costs for the benefit of Genesis Health System

Misericordia Assurance Company, Ltd. (Misericordia) is a wholly-owned Cayman based captive insurance company which underwrites the general and professional liability risks of Genesis Health System and affiliates

Note 1. Nature of Business and Significant Accounting Policies (Continued)

GenGastro, LLC (d/b/a the Center for Digestive Health) is a limited liability company, which was formed in 2003, a single-specialty gastroenterology ambulatory surgery center located in Bettendorf, Iowa In December 2010, Genesis Health System acquired an additional 16 67% interest in GenGastro and maintained a 66 67% ownership interest as of June 30, 2011 Upon obtaining a controlling interest, the System consolidated the accounts of GenGastro, LLC in its consolidated financial statements in January 2011 During the year ended June 30, 2012, Genesis Health System acquired an additional 8 33% interest in GenGastro, LLC from noncontrolling interests and maintains a 75% ownership interest as of June 30, 2012

Davenport SRS Leasing, LLC (SRS) is a limited liability company, which was formed in 2008, which leases medical equipment Genesis Health System maintained a 93 75% ownership interest as of June 30, 2011 During the year ended June 30, 2012, GMC – Davenport acquired the remaining interest of SRS, to obtain 100% ownership Upon obtaining 100% ownership, the assets, liabilities and operations of SRS were transferred to GMC – Davenport and SRS was dissolved

Genesis Accountable Care Organization, LLC (Genesis ACO): The Genesis ACO is an Iowa limited liability company formed in December 2011 Its purpose is to engage in any lawful business and any business related to creation and organization of a "physician-driven" network to act as, and/or participate in, an Accountable Care Organization within the meaning of the federal Patient Protection and Affordable Care Act The company is also organized to develop a clinically integrated network of providers including physicians, health professionals, hospitals and ancillary providers working together to promote high quality, coordinated and efficient care to patients including members of various managed care payors and the community at large The Genesis ACO had no financial activity during the year ended June 30, 2012

GHS and its related organizations are collectively referred to as the System

Significant accounting policies:

Principles of consolidation The accompanying consolidated financial statements include the accounts of Genesis Health System and related organizations All significant intercompany balances and transactions have been eliminated upon consolidation

Accounting 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 financial statements and the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in the estimates and assumptions in the near term would be material to the financial statements Estimates that are particularly susceptible to significant changes in the near term and which require significant judgments by management include the allowances for doubtful accounts and contractual adjustments, estimated third-party payor settlements, self-insured professional, general, health and dental and workers' compensation liabilities, assumptions for the defined benefit retirement plan, fair value of financial instruments and recoverability of long-term assets (including goodwill)

Cash and cash equivalents Cash and cash equivalents include unrestricted cash and temporary cash investments not limited as to use The cash equivalents have a maturity of three months or less at date of issuance Certain temporary cash investments internally designated as long-term investments are excluded from cash and cash equivalents

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Patient receivables The collection of receivables from third-party payors and patients is the System's primary source of cash for operations and is critical to its operating performance The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts for deductibles and copayments remain outstanding Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors

Patient receivables due directly from the patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of all outstanding amounts on a monthly basis Receivables due from medical office building tenants and from commercial laundry customers are carried at the original invoice amount less an estimate made for doubtful accounts Management determines the allowance for doubtful accounts by identifying troubled accounts, by historical experience applied to an aging of accounts, and by considering the patient's financial history, credit history and current economic conditions The System does not charge interest on patient receivables Receivables are written off as bad debts when deemed uncollectible Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received

Receivables or payables related to estimated settlements on various payor contracts, primarily Medicare, are reported as amounts due from or to third-party payors Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the System's collection of accounts receivable, cash flows and results of operations

Inventories, supplies and materials Inventories, supplies and materials are valued at the lower of cost (first-in, first-out method) or market

Assets limited as to use Assets limited as to use include assets internally designated by the System's Board of Directors for future capital improvements and other purposes, over which the Board retains control and may at their discretion subsequently use for other purposes, assets held by trustees under bond indenture agreements, interest in the net assets of the DeWitt Community Hospital Foundation and donor restricted assets

Donor restricted assets limited as to use as of June 30, 2012 and 2011 include approximately $175,000 and $138,000, respectively, of pledges receivable for unconditional promises which are restricted by the donors to be used for capital projects All of the pledges receivable are expected to be collected within the next year and are included in other receivables as a current asset on the accompanying consolidated balance sheets The pledges are recorded net of an estimated allowance for uncollectible receivables of approximately $8,000 as of June 30, 2012 and 2011

Investments Short-term investments consist of certificates of deposit which are stated at cost which approximates fair value Investments in equity securities, including assets limited as to use, with readily determinable fair values and all investments in debt securities are measured at fair value on the consolidated balance sheets based on quoted market prices Investments also include alternative investments which are carried at fair value using the practical expedient, which is estimated at the most recent valuations provided by external investment managers The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the System based on various factors Management has reviewed and evaluated the values provided by the managers and agrees with the valuation methods and assumptions used to determine their values

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investment income includes dividends, interest and other investment income and realized gains and losses on investments Changes in unrealized gains and losses on investments classified as trading securities are included in excess of revenue over expenses

Investment income earned on Misericordia's investments, which are restricted for the payment of general and professional liabilities, is included in other operating revenue Investment income included as other operating revenue was approximately $1,818,000 and $1,424,000 for the years ended June 30, 2012 and 2011, respectively

The System classifies substantially all of its investments in debt and equity securities as trading This classification as trading requires the System to recognize unrealized gains and losses on substantially all of its unrestricted and internally designated investments in debt and equity securities as a component of nonoperating income and expense in the consolidated statements of operations and changes in net assets

Investments in associated companies are accounted for by the equity method of accounting under which the System's share of the net income (loss) of the associated companies that provide patient related services are recognized as operating income (loss) and the share of net income (loss) of the associated companies that do not provide patient related services are recognized as nonoperating income (loss) in the consolidated statements of operations and changes in net assets and added to (deducted from) the investment account Dividends and distributions received from the associated companies are treated as a reduction of the investment account The System has investments in companies that provide lithotripsy, ultrasound services, endoscopy procedures, specialized and orthopedic care, ambulatory surgery procedures, radiology, occupational and physical therapy rehabilitation services, a medical office building partnership, an equipment leasing company, mobile clinical and medical services, health insurance plans and in the Genesis Heart Institute

Property and equipment Property and equipment is carried at cost or, if donated, at fair market value at date of donation Depreciation is computed by the straight-line method over the assets' estimated useful lives Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Amortization expense on assets acquired under capital leases is included with depreciation expense on owned assets

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support and are included in the income or loss from operations 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 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

Bond issuance costs Bond issuance costs are being amortized over the term the bonds are outstanding

Goodwill Goodwill is being tested for impairment annually Management performed assessments for impairment as of June 30, 2012 and 2011 and determined no goodwill impairment exists

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Unpaid losses and loss adjustment expenses Misericordia and the Workers' Compensation Trust have liabilities for unpaid losses and loss adjustment expenses which are determined using case basis evaluations and statistical analyses and represent estimates of the ultimate net cost of all reported and unreported losses which are unpaid at year-end Management concurs with the independent actuary on the determination of the estimated ultimate net costs for losses and loss adjustment expenses

All estimates of unpaid losses and loss adjustment expenses are reviewed at least annually, and any adjustments determined to be necessary are reflected in current operations Since these liabilities are based on estimates, the ultimate settlement of losses and related expense may vary from the amounts included in the consolidated financial statements Misericordia records its estimated liability for unpaid losses and loss adjustment expenses at an undiscounted actuarially determined amount The Workers' Compensation Trust records its estimated liability for unpaid losses and loss adjustment expenses based on assumptions and estimates including a discounted actuarially determined amount, discounted using a 3% yield for the years ended June 30, 2012 and 2011

Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses are adequate No representation is made, however, that the ultimate liabilities may not be in excess of the amounts provided Also, Misericordia and the Worker's Compensation Trust participants are obligated by the terms of the Trust agreement to contribute retrospective payments to the Trust, if deemed necessary, in order to support claims and costs in excess of the amounts provided

Misericordia and the Workers' Compensation Trust record their estimated liabilities gross of any amounts recoverable under their own reinsurance, which amounts, if any, are recorded separately in the consolidated balance sheet In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, they would be liable to pay all losses under the reinsurance assumed but would only receive reimbursement to the extent that the reinsurers can meet their obligations

Premiums written and ceded Premiums written and ceded are recognized in income pro-rata over the term of the policies and the unearned and unexpensed portions at the consolidated balance sheet dates are transferred to unearned premiums or deferred reinsurance premiums ceded, respectively

Reinsurance premiums ceded are similarly recognized on a pro-rata basis over the terms of the policy issued and the unearned portion, if any, deferred and transferred to deferred reinsurance premiums ceded in the consolidated balance sheet

The policies insured by Misericordia are subject to a retrospective rating plan, under which retrospective premiums are recomputed annually based on incurred loss Retrospective premium adjustments are included in income in the period in which they are determined

Consistent with this policy, all available income of Misericordia is transferred to the provision for outstanding losses and retrospective premium adjustments Accordingly, Misericordia's statements of income reflect a break-even position in income

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Temporarily and permanently restricted net assets The System is required to report information regarding its financial position and operations according to three classes of net assets unrestricted net assets, temporarily restricted net assets and permanently restricted net assets The three classes are based on the presence or absence of donor-imposed restrictions Temporarily restricted net assets include net assets restricted by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained in perpetuity Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Noncontrolling interests The System had a 93 75% interest in Davenport SRS Leasing through December 31, 2011 when GMC-Davenport obtained 100% ownership of SRS Leasing The System has a 75 0% interest in GenGastro, LLC and a 75 6% interest in The Larson Center Partnership, LLC, while other members own a noncontrolling interest of the companies A pro rata share of the income or losses and net assets, in the form of members' equity, applicable to this interest has been recognized in the System's consolidated financial statements

Fair value of financial instruments Financial instruments are described as cash or contractual obligations or rights to pay or to receive cash The fair value for certain financial instruments approximates the carrying value because of the short-term maturity of these instruments which include cash and cash equivalents, short-term investments, receivables, accounts payable, accrued liabilities, due to third-party payors and other current liabilities The System's investments and assets limited as to use are carried at fair value on the consolidated balance sheets Based on borrowing rates currently available to the System with similar terms and maturities, the fair value of the long-term debt excluding capital leases and unamortized bond premium approximates $89,239,000 and $99,136,000 as of June 30, 2012 and 2011, respectively

Fair value measurements The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements, which applies to all assets and liabilities that are measured and reported on a fair value basis See Note 6 for additional information

Net patient service revenue Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments with third-party payors are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Other service revenue, net of cost of revenue The consolidated statements of operations include other service revenue, net of cost of revenue which primarily consists of the leasing of medical equipment, home medical equipment and office buildings through GenVentures, Inc and Davenport SRS Leasing, LLC

Operating income The consolidated statements of operations include operating income Changes in unrestricted net assets, which are excluded from operating income include investment income, contribution income and other income which management views as outside of normal activity

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Electronic health records incentive program The electronic health records incentive program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology Payments under both the Medicare and Medicaid programs are for five and six years, respectively, based on a statutory formula The Medicaid programs are determined on a state-by-state basis, which are approved by the Centers for Medicare and Medicaid Services Payment under both programs are contingent on the System initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods The final amount for any payment year is determined based upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ from the initial payments under the program, although management does not anticipate material adjustments, as input data for the EHR incentive amounts has remained relatively consistent over time The System accounts for the incentive payments under the gain contingency model, which means it has met the meaningful use criteria and receipt of the incentive payments was certain Income from incentive payments is recognized as revenue after the System has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period As of June 30, 2012, the System has recognized approximately $5,929,000 of other operating revenue as the meaningful use objectives have been met

Excess of revenue over expenses The consolidated statements of operations and changes in net assets include excess of revenue over expenses Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include the change in unrealized gains and losses on investments classified as other-than-trading, permanent transfers of assets for other than goods and services, 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), and change in unrecognized funded status of the retirement plan

New accounting guidance In 2012, the System adopted Accounting Standards Update (ASU) No 2010-23, *Measuring Charity Care for Disclosure* This ASU amended ASC Subtopic 954-605, Revenue Recognition, and requires the System to use cost as the measurement basis for charity care disclosure requirements The adoption of this ASU resulted in the System disclosing additional information in Note 3, and it had no effect on the System's consolidated balance sheet or consolidated statement of operations and changes in net assets

In 2012, the System adopted ASU No 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* This ASU clarifies that health care entities should not net insurance recoveries against a related professional liability claim or another similar liability, which is consistent with the guidance in Subtopic 210-20, Balance Sheet—Offsetting The adoption of this ASU had no effect on the System's consolidated financial statements

Charity care The System provides care to patients who meet certain criteria under charity care policies without charge or at amounts less than its established rates Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue Also see Note 3

Reclassifications Certain items on the consolidated financial statements as of and for the year ended June 30, 2011 have been reclassified to be consistent with classifications adopted during the year ended June 30, 2012 The reclassifications had no impact on total assets or total net assets

Subsequent events The System has evaluated subsequent events through October 24, 2012, the date on which the consolidated financial statements were issued

Note 2. Net Patient Service Revenue

Health care providers within the System have agreements with third-party payors that provide for payments at amounts different from its established rates These third-party payors include the Medicare and Medicaid programs, Wellmark/Blue Cross, other health maintenance organizations, and various commercial insurance and preferred provider organizations

Third-party payor rates differ by payor and include established charges, contracted rates less than established charges, retroactively determined cost-based rates and prospectively determined rates per discharge, per procedure, or per diem

A summary of net patient service revenue for the years ended June 30, 2012 and 2011 is as follows

	2012	2011
Gross patient service revenue	$ 1,204,935,070	$ 1,177,244,412
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	681,230,702	662,202,982
	$ 523,704,368	$ 515,041,430

Estimated contractual adjustments for the years ended June 30, 2012 and 2011 include the effect of a change in the estimate of the amount due to third-party payors The cumulative effect of this change in estimate is a decrease in estimated contractual adjustments of approximately $50,000 and $4,071,000 for the years ended June 30, 2012 and 2011, respectively, and is related to the recognition of disproportionate share reimbursement and retroactive adjustments based on final settlements of cost reports

In December 2008, the Federal Centers for Medicare and Medicaid Services (CMS) approved the State of Illinois Medicaid Hospital Assessment Program (Illinois Program) Under the Illinois Program, which is retroactive to July 1, 2008, a hospital receives additional Medicaid reimbursement from the State and pays a related assessment Total reimbursement revenue recognized by the System related to this Illinois Program for each of the years ended June 30, 2012 and 2011 amounted to approximately $5,814,000 which is recorded as a reduction of estimated contractual adjustments Total assessments incurred by the System related to this Illinois Program for each of the years ended June 30, 2012 and 2011 amounted to approximately $1,846,000 which is included in other operating expenses The Illinois Program is effective through June 2014

On June 14, 2012, the Governor of Illinois signed the Save Medicaid Access and Resources Together (SMART) Act, which scales back the Illinois Medicaid program through provider rate adjustments, utilization controls and eligibility verification Management believes this will not have a significant effect on the System's financial statements

The SMART Act also includes an enhanced hospital tax assessment program that, if approved by CMS, will extend the program through December 31, 2014 and generate additional funds that will be used to attract additional federal matching funds The additional funds will be used to provide new hospital payments designed to preserve and improve access to hospital services for residents throughout Illinois Management believes that the enhanced hospital tax assessment program, if approved by CMS, will not have a significant effect on the System

Note 2. Net Patient Service Revenue (Continued)

In 2011, CMS approved the State of Iowa's Hospital Provider Tax Program (Iowa Program) Under the Iowa Program, which is retroactive to July 1, 2010, a hospital is required to pay a quarterly provider tax assessment The tax assessments collected by the State are used to fund a health care access improvement fund and are used to obtain federal matching funds, all of which must be distributed to Iowa hospitals to help bring Medicaid reimbursement closer to the cost of providing care The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients The Iowa Program increases inpatient DRG reimbursement rates and also implements several supplemental inpatient and outpatient methodologies The Iowa Program is effective through June 2013 Total reimbursement revenue recognized by the System related to this Iowa Program for each of the years ended June 30, 2012 and 2011 amounted to approximately $3,715,000, which is recorded as a reduction of estimated contractual adjustments Total assessments incurred by the System related to this Iowa Program amounted to approximately $2,491,000 for each of the years ended June 30, 2012 and 2011, which is included in other operating expenses

Note 3. Charity Care and Community Service

The System maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies

The amount of charity care provided at estimated cost was approximately $9,732,000 and $11,434,000 for the years ended June 30, 2012 and 2011 Cost of charity care is calculated by applying business unit specific cost-to-charge ratios to the amount of charity care deductions from gross revenue for each business unit The cost-to-charge ratio is calculated by taking the business unit expenses and gross charges and applying adjustments to remove the cost of non-patient care activity, Medicaid provider taxes paid, identifiable community benefit expenses, as well as gross patient charges that are generated for identifiable community benefit services

In addition to its charity policy, the System provided community benefits, including, but not limited to, the following

- Operation of full-time emergency rooms providing emergency medical services to all patients accessing the System, regardless of race, creed, sex, national origin, handicap, age or ability to pay
- Operation of a community based hospice program along with the only residential hospice house in the Quad Cities
- Maintenance of provider agreements with the Medicare and Medicaid programs
- Health screenings, promotions, education and prevention programs offered free or at low cost to its communities
- A medical education program which provides for the education of Family Practice residents at GFMC, as well as support to nursing programs
- Volunteer services provided by the System's staff to the communities, including major community events and fund raising activities
- Not-for-profit community funding, including those community groups' activities that are consistent with Genesis' mission
- Subsidized services to other charitable organizations providing health related services

Genesis Health System and the Foundation, as part of their missions, grant charitable support to meet the health related needs of the communities served by the System

Note 3. Charity Care and Community Service (Continued)

On June 14, 2012, the Governor of Illinois signed into law legislation that governs property and sales tax exemption for not-for-profit hospitals The law took effect on the date it was signed Under the law, in order to maintain its property and sales tax exemption, the value of specified services and activities of a not-for-profit hospital must equal or exceed the estimated value of the hospital's property tax liability, as determined under a formula in the law The specified services are those that address the health care needs of low-income or underserved individuals or relieve the burden of government with regard to health care services, and include the cost of free or discounted services provided pursuant to the hospital's financial assistance policy, other unreimbursed costs of addressing the health needs of low-income and underserved individuals, direct or indirect financial or in-kind subsidies of State and local governments, the unreimbursed cost of treating Medicaid and other means-tested program recipients, the unreimbursed cost of treating dual-eligible Medicare/Medicaid patients, and other activities that the Illinois Department of Revenue determines relieves the burden of government or addresses the health of low-income or underserved individuals Management believes that the System's Illinois hospital, GMC-Illini, meets the requirements under the law to maintain its property and sales tax exemptions in Illinois

Note 4. Receivables

Patient receivables as of June 30, 2012 and 2011 consist of the following

	2012	2011
Patient receivables before allowances	$ 185,499,848	$ 150,843,416
Less		
Estimated third-party contractual allowances	85,895,875	57,347,065
Allowance for doubtful accounts and charity care	14,860,488	14,374,623
	$ 84,743,485	$ 79,121,728

Note 5. Composition of Investments and Assets Limited as to Use

Investments and assets limited as to use that are internally designated and donor restricted consist of the following as of June 30, 2012 and 2011

	2012	2011
Cash, primarily money market funds	$ 1,425,442	$ 1,879,842
Certificates of deposit	1,727,457	9,729,767
Common stocks	66,543,872	67,975,262
Fixed income mutual funds	57,138,929	57,348,154
Equity mutual funds	49,707,928	40,474,950
Equity collective investment funds	46,452,305	43,199,585
Investment in associated companies	12,602,803	9,527,473
Pledges receivable	175,000	138,000
Other	738,333	597,394
Total	$ 236,512,069	$ 230,870,427

Investments and assets limited as to use that are internally designated and donor restricted are included in the accompanying consolidated balance sheets under the following captions as of June 30, 2012 and 2011

	2012	2011
Other receivables, current portion	$ 105,000	$ 100,238
Short-term investments	931,534	1,323,897
Investments	61,688,505	54,388,983
Assets limited as to use		
Internally designated	155,221,439	157,778,420
Donor restricted	18,565,591	17,278,889
	$ 236,512,069	$ 230,870,427

Assets limited as to use under bond indenture, funds held by trustee, consisted of money market funds of none and $5,899,175 as of June 30, 2012 and 2011, respectively These assets, including related investment income, were restricted to be maintained as debt service reserve funds and for capital projects and, therefore, were unavailable for the System's general use

The investments of the System are exposed to various risks such as interest rate, market and credit Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements

Note 5. Composition of Investments and Assets Limited as to Use (Continued)

The return on investments, including assets limited as to use, is reported in the consolidated statements of operations and changes in net assets as follows

	2012	2011
Investment income (loss)		
Interest and dividend income	$ 5,096,941	$ 4,981,657
Net realized gains on investments	2,938,860	4,608,094
Change in net unrealized gains and losses on investments	(1,189,431)	21,599,361
Equity in net income of associated companies	1,439,968	447,071
	$ 8,286,338	$ 31,636,183
Unrestricted		
Interest and dividend income and realized gains on sales of investments	$ 6,701,439	$ 7,780,802
Current year change in unrealized gains and losses on trading securities	(1,936,767)	19,008,724
Other nonoperating income	149,057	(12,235)
Other operating revenue	3,124,563	1,897,626
	8,038,292	28,674,917
Temporarily restricted		
Interest and dividend income	211,069	219,612
Net realized gains on investments	398,105	836,944
Change in net unrealized gains and losses on investments	(415,945)	1,755,964
	193,229	2,812,520
Permanently restricted		
Interest and dividend income	71,659	3,412
Net realized gains on investments	128,680	11,796
Change in net unrealized gains and losses on investments	(145,522)	133,538
	54,817	148,746
	$ 8,286,338	$ 31,636,183

Note 6. Investments and Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances In that regard, this guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs

The fair value hierarchy is as follows

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2 Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data Level 2 investments also include market alternatives, measured using the practical expedient, that do not have any significant redemption restrictions, lock ups, gates or other characteristics that would cause liquidation and report date NAV to be significantly different

Level 3 Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below

Investments in common stocks and mutual funds traded on a national securities exchange are valued at the last reported sales price on the day of valuation These financial instruments are classified as level 1 in the fair value hierarchy

The System invests in alternative investments consisting of equity mutual funds and collective investment funds for which fair value is determined using the NAV per share of each fund The NAV for level 2 mutual funds and collective investment funds is primarily determined based on the underlying assets and liabilities held in the fund The estimated fair values of certain investments of the underlying investment funds, which may include securities for which prices are not readily available, are determined by the managers of the respective other investment fund and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments The fair value of the System's investments in funds generally represents the amount the System would expect to receive if it were to liquidate its investments in funds excluding any redemption charges that may apply

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2012

Note 6. Investments and Fair Value Measurements (Continued)

Assets recorded at fair value on a recurring basis:

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2012 and 2011, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value

	Investments at Fair Value as of June 30, 2012			
	Fair Value	Level 1	Level 2	Level 3
Common Stocks				
Healthcare	$ 8,939,983	$ 8,939,983	$ -	$ -
Financial	8,053,170	8,053,170	-	-
Consumer Discretionary	12,741,809	12,741,809	-	-
Energy	5,415,115	5,415,115	-	-
Information Technology	17,004,244	17,004,244	-	-
Industrials	5,006,178	5,006,178	-	-
ADR's (American Depository Receipts)	2,727,890	2,727,890	-	-
Materials	3,036,983	3,036,983	-	-
Consumer Staples	1,254,929	1,254,929	-	-
Utilities	661,903	661,903	-	-
Telecommunication Services	1,701,668	1,701,668	-	-
Equity Mutual Funds				
Thornburg International Value Fund	16,525,950	16,525,950	-	-
PIMCO Cayman U S Total Return Fund	12,641,677	-	12,641,677	-
MFS Global Equity Fund	6,022,210	6,022,210	-	-
Other	14,518,091	14,518,091	-	-
Equity Collective Investment Funds				
JP Morgan Core Bond Trust	35,581,495	-	35,581,495	-
JP Morgan U S Aggregate Bond Fund	10,870,810	-	10,870,810	-
Fixed Income Mutual Funds				
PIMCO Total Return Fund	44,961,048	44,961,048	-	-
Other	12,177,881	12,177,881	-	-
	$ 219,843,034	$ 160,749,052	$ 59,093,982	$ -

Note 6. Investments and Fair Value Measurements (Continued)

	Investments at Fair Value as of June 30, 2011			
	Fair Value	Level 1	Level 2	Level 3
Common Stocks				
Healthcare	$ 9,900,971	$ 9,900,971	$ -	$ -
Financial	8,801,278	8,801,278	-	-
Consumer Discretionary	11,073,908	11,073,908	-	-
Energy	6,716,894	6,716,894	-	-
Information Technology	14,774,970	14,774,970	-	-
Industrials	5,663,132	5,663,132	-	-
ADR's (American Depository Receipts)	4,332,997	4,332,997	-	-
Materials	2,543,524	2,543,524	-	-
Consumer Staples	2,512,983	2,512,983	-	-
Utilities	878,506	878,506	-	-
Telecommunication Services	776,099	776,099	-	-
Equity Mutual Funds				
Thornburg International Value Fund	17,000,179	17,000,179	-	-
PIMCO Cayman U S Total Return Fund	11,818,129	-	11,818,129	-
Other	11,656,642	11,656,642	-	-
Equity Collective Investment Funds				
JP Morgan Core Bond Trust	32,945,337	-	32,945,337	-
JP Morgan U S Aggregate Bond Fund	10,254,248	-	10,254,248	-
Fixed Income Mutual Funds				
PIMCO Total Return Fund	45,378,123	45,378,123	-	-
Other	11,970,031	11,970,031	-	-
	$ 208,997,951	$ 153,980,237	$ 55,017,714	$ -

There were no transfers between levels of the fair value hierarchy during the years ended June 30, 2012 and 2011

Note 6. Investments and Fair Value Measurements (Continued)

The following table sets forth additional disclosure of the System's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2012 and 2011

	Fair Value		Unfunded	Redemption	Redemption
	2012	2011	Commitment	Frequency	Notice Period
Investments					
Equity Mutual Fund, PIMCO Cayman U S Total Return Fund (A)	$ 12,641,677	$ 11,818,129	$ -	Daily	Daily
Equity Collective Investment Funds					
JP Morgan Core Bond Trust (B)	35,581,495	32,945,337	-	Daily	Daily
JP Morgan U S Aggregate Bond Fund (C)	10,870,810	10,254,248	-	Daily	Trade date, minus 3 days
	$ 59,093,982	$ 55,017,714	$ -		

(A) PIMCO Cayman U S Total Return Fund is an open-end investment fund incorporated in the Cayman Islands The Fund's objective is maximum total return, consistent with preservation of capital and prudent investment management The System has used the NAV as the practical expedient to measure fair value

(B) The JP Morgan Core Bond Trust fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate and long-term debt securities The System has used the NAV as the practical expedient to measure fair value

(C) JP Morgan U S Aggregate Bond Fund is an open-end investment fund incorporated in Luxembourg The Fund's objective is to achieve return in excess of U S bond markets by investing primarily in U S fixed and floating rate debt securities The System has used the NAV as the practical expedient to measure fair value

Note 7. Property and Equipment

Property and equipment as of June 30, 2012 and 2011 consists of the following

	2012	2011
Land and land improvements (A)	$ 29,549,572	$ 29,963,006
Buildings (B)	337,468,609	325,215,888
Leasehold improvements	20,688,586	20,132,450
Equipment (C)	318,708,246	301,872,301
Construction in process	9,780,107	11,662,995
	716,195,120	688,846,640
Less accumulated depreciation, including accumulated depreciation on capital assets 2012 $22,684,569, 2011 $20,981,989	466,199,849	440,520,080
	$ 249,995,271	$ 248,326,560

(A) Land and land improvements include assets under capital lease as of June 30, 2012 and 2011 of $1,153,678

(B) Buildings include assets under capital lease as of June 30, 2012 and 2011 of $22,272,145

(C) Equipment includes assets under capital lease as of June 30, 2012 and 2011 of $9,436,085

Note 8. Long-Term Debt and Pledged Assets

Long-term debt and pledged assets as of June 30, 2012 and 2011 consist of the following

	2012	2011
GHS Iowa:		
Revenue bonds, Series 2010 (A)	$ 79,530,000	$ 85,390,000
Unamortized bond premium, Series 2010 (A)	3,616,597	3,782,645
Capital lease obligation (B)	4,762,326	-
GHS Iowa subtotal	87,908,923	89,172,645
GHS Illinois:		
Capital lease obligations (C)	7,750,000	8,450,000
Capital lease obligation	-	27,977
GHS Illinois subtotal	7,750,000	8,477,977
Obligated Group subtotal (D)	95,658,923	97,650,622
GenVentures, note payable, bank (E)	444,405	532,626
LCP, line of credit (F)	161,196	675,473
SRS, capital lease obligation (B)	-	5,817,783
Illini Foundation, annuities payable	-	46,960
	96,264,524	104,723,464
Less current maturities	8,170,148	8,245,803
	$ 88,094,376	$ 96,477,661

(A) During fiscal year 2010, GHS Iowa issued Iowa Finance Authority Healthcare Revenue Bonds, Series 2010 The Series 2010 bonds, which had an original principal balance of $90,995,000 and were issued at a premium of $3,799,486, have payments due July 1, annually, and mature in varying amounts through July 1, 2026 and bear interest at 5 0% The Series 2010 bonds are secured by a pledge of the Obligated Group's unrestricted receivables The proceeds of the bonds were used to extinguish the 1997 and 2000 Series bonds

There are a number of limitations and restrictions contained in the Master Trust Indenture, the most significant of which is for the Obligated Group to maintain a minimum debt service coverage ratio of 1 10 to 1

(B) During fiscal year 2009, SRS entered into a capital lease agreement, due in monthly installments of $122,135, including interest at 7 68% with final payment due in March 2016 The lease is secured by equipment The depreciated cost of the equipment under this capital lease is approximately $3,732,000 as of June 30, 2012 As described in Note 1, during the year ended June 30, 2012, GMC – Davenport obtained 100% ownership of SRS and SRS' capital lease obligation was transferred to GMC – Davenport

Note 8. Long-Term Debt and Pledged Assets (Continued)

(C) GMC – Illini leases its land, land improvements and buildings from Illini Hospital District, a related party, under a capital lease agreement which requires payment in an amount sufficient to pay all principal and interest on outstanding general obligation bonds (alternative revenue source)

The Series 2010 general obligation bonds (alternative revenue source) have an outstanding principal balance of $7,750,000 These bonds were issued to advance refund $8,740,000 of the outstanding Series 2001 general obligation bonds (alternative revenue source) The Series 2010 bonds bear interest at rates varying from 1 65% to 4 53%, which is payable on January 1 and July 1 The bonds mature in varying amounts from $680,000 to $905,000 through January 2022

The depreciated cost of land, land improvements and buildings under this capital lease is approximately $6,445,000 as of June 30, 2012

(D) Genesis Health System – Iowa and Genesis Health System – Illinois, collectively, represent the Obligated Group on the revenue bond obligations

(E) GenVentures' bank note is due in monthly payments of $10,200, including interest at a variable rate, 6 95% as of June 30, 2012, through August 2016, secured by building and land Under this agreement, GenVentures is required to maintain certain restrictive covenants including a minimum tangible net worth and a minimum debt service coverage ratio

(F) LCP has a $1,500,000 line of credit with a bank which matures March 29, 2014 The current balance of the line of credit is due in monthly installments of $44,304, including interest at 3 96%, through December 15, 2012 The note is collateralized by all property and equipment of LCP

The following is a schedule of approximate future minimum lease payments due under capital leases together with the present value of future minimum lease payments as of June 30, 2012

Year ending June 30	
2013	$ 2,412,000
2014	2,416,000
2015	2,416,000
2016	2,045,000
2017	949,000
Thereafter	4,744,000
	14,982,000
Less the amount representing interest	2,470,000
Present value of future minimum lease payments	$ 12,512,000

Note 8. Long-Term Debt and Pledged Assets (Continued)

The aggregate principal maturities of the long-term debt, including the maturities of capital leases and excluding unamortized bond premium, as of June 30, 2012 over the next five years and thereafter are approximately as follows

Year ending June 30	
2013	$ 8,170,000
2014	8,421,000
2015	8,861,000
2016	8,961,000
2017	8,169,000
Thereafter	50,066,000
	$ 92,648,000

Note 9. Employee Retirement Plans

All employees of the System and affiliates participate in the Genesis Health System Pension Plans The plans consist of both a defined benefit pension plan and an employer paid match on employee contributions to a defined contribution plan Pension expense for the employer paid match to the defined contribution plan was approximately $2,610,000 and $1,343,000 for the years ended June 30, 2012 and 2011, respectively

Effective July 1, 2005, current participants in the defined benefit pension plan were given the option to remain in the defined benefit pension plan or to elect to move to the Genesis Retirement Account program, at which time their benefits in the defined benefit pension plan were frozen at current levels All new full and part-time employees that have worked more than 1,000 hours during a prior calendar year will participate in the new defined contribution plan, with contributions made by the System as specified in the plan based on years of service

Effective December 31, 2006, the Board of Directors of the System adopted a resolution to freeze the defined benefit pension plan Under terms of the freeze, employees with at least five years of service and a combination of age and years of service of 70 were grandfathered As of December 31, 2011, benefits for all previously grandfathered employees were frozen and there will be no future benefits accrued to the participants in the defined benefit plan, resulting in a curtailment gain of approximately $322,000 As a result of the plan amendment which was effective December 31, 2011, the System elected to amortize the remaining actuarial gains and losses using the average remaining lifetime of participants expected to receive benefits under the plan

The Compensation – Retirement Benefits Topic of the FASB Accounting Standards Codification requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans Actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not been recognized under previous accounting standards, must be recognized in the changes in unrestricted net assets As a result, the System has recognized the underfunded status of the defined benefit pension plan in the accompanying consolidated balance sheets as of June 30, 2012 and 2011 The accrual for the defined benefit pension plan asset or liability is based on a comparison of the fair value of Plan assets to the Plan's projected benefit obligation

Note 9. Employee Retirement Plans (Continued)

The defined benefit pension plan is measured annually at June 30 Information about the Plan follows

	2012	2011
Projected benefit obligation at beginning of year	$ (162,973,497)	$ (160,096,789)
Service cost	(931,558)	(2,087,076)
Interest cost	(9,004,077)	(8,797,842)
Actuarial gain (loss)		
Impact of change in assumptions	(24,843,177)	2,238,861
Impact of plan amendment	2,828,068	-
Other	591,500	(591,500)
Benefits paid	6,799,308	6,360,849
Projected benefit obligation at end of year	(187,533,433)	(162,973,497)
Fair value of plan assets	170,547,276	157,073,497
Funded status, plan assets (less than) benefit obligation	$ (16,986,157)	$ (5,900,000)
Rollforward of accrued benefit (liability)		
Accrued benefit (liability) on balance sheet, beginning of year	$ (5,900,000)	$ (28,918,130)
Return on plan assets	14,273,087	26,255,687
System contributions	6,000,000	6,000,000
Change in plan liability	(31,359,244)	(9,237,557)
Accrued (liability) on balance sheet, end of year	$ (16,986,157)	$ (5,900,000)
Components of net periodic pension cost, which is included as a component of employee benefits expense on the accompanying consolidated statements of operations and changes in net assets, consist of		
Service cost	$ 931,558	$ 2,087,076
Interest cost	9,004,077	8,797,842
Expected return on plan assets	(11,127,922)	(10,793,756)
Amortization of unrecognized net loss	3,129,218	3,871,916
Amortization of unrecognized prior service cost (credit)	(8,213)	(63,118)
Net periodic pension cost	1,928,718	3,899,960
Curtailment gain	(322,029)	-
	$ 1,606,689	$ 3,899,960

Note 9. Employee Retirement Plans (Continued)

	2012	2011
Amounts not yet recognized as components of net periodic pension cost		
Net actuarial loss	$ 73,750,845	$ 58,601,688
Prior service cost (credit)	(14,778)	(330,241)
Unrecognized amounts, end of year	73,736,067	58,271,447
Unrecognized amounts, beginning of year	58,271,447	79,189,467
Current year change	$ 15,464,620	$ (20,918,020)
Assumptions used in computations		
In computing ending obligations		
Discount rate	4 75%	5 75%
Rate of compensation increase	n/a	4 00%
In computing net periodic benefit cost		
Discount rate	5 75%	5 60%
Expected return on assets	7 45%	7 45%
Rate of compensation increase	4 00%	4 00%

The expected return on plan assets is based upon a blend of historical returns and the System's estimate of a long-term rate of return

Management's objective is to maximize long-term returns while reducing losses in order to meet future benefit obligations Management follows the policy of using historical evidence in computing expected return on assets

Note 9. Employee Retirement Plans (Continued)

The fair values of the System's defined benefit pension plan assets as of June 30, 2012 and 2011 by asset category, segregated by the level of the valuation inputs within the fair value hierarchy as described in Note 6, are as follows

	Investments at Fair Value as of June 30, 2012			
	Fair Value	Level 1	Level 2	Level 3
Common Stocks				
Healthcare	$ 8,246,087	$ 8,246,087	$ -	$ -
Financial	8,155,913	8,155,913	-	-
Consumer Discretionary	12,655,824	12,655,824	-	-
Energy	4,751,350	4,751,350	-	-
Information Technology	14,448,676	14,448,676	-	-
Industrials	6,371,493	6,371,493	-	-
ADR's (American Depository Receipts)	3,747,951	3,747,951	-	-
Materials	2,036,177	2,036,177	-	-
Consumer Staples	1,990,195	1,990,195	-	-
Utilities	888,856	888,856	-	-
Telecommunication Services	1,138,652	1,138,652	-	-
Fixed Income Mutual Fund, PIMCO Total Return Fund	39,443,926	39,443,926	-	-
Equity Mutual Funds				
MFS Global Equity Fund	6,395,267	6,395,267	-	-
Thornburg International Value Fund	17,747,798	17,747,798	-	-
Equity Collective Investment Fund, JP Morgan				
Extended Duration Fund	40,292,671	-	40,292,671	-
	168,310,836	$ 128,018,165	$ 40,292,671	$ -
Other plan assets, cash and cash equivalents	2,236,440			
Total plan assets	$ 170,547,276			

	Investments at Fair Value as of June 30, 2011			
	Fair Value	Level 1	Level 2	Level 3
Common Stocks				
Healthcare	$ 9,133,965	$ 9,133,965	$ -	$ -
Financial	9,165,394	9,165,394	-	-
Consumer Discretionary	13,600,739	13,600,739	-	-
Energy	5,624,998	5,624,998	-	-
Information Technology	14,262,079	14,262,079	-	-
Industrials	7,172,770	7,172,770	-	-
ADR's (American Depository Receipts)	4,110,831	4,110,831	-	-
Materials	2,002,638	2,002,638	-	-
Consumer Staples	2,898,170	2,898,170	-	-
Utilities	830,658	830,658	-	-
Telecommunication Services	734,333	734,333	-	-
Fixed Income Mutual Fund, PIMCO Total Return Fund	32,019,921	32,019,921	-	-
Equity Mutual Fund, Thornburg International				
Value Fund	18,451,798	18,451,798	-	-
Equity Collective Investment Fund, J P Morgan				
Extended Duration Fund	34,582,632	-	34,582,632	-
	154,590,926	$ 120,008,294	$ 34,582,632	$ -
Other plan assets, cash and cash equivalents	2,482,571			
Total plan assets	$ 157,073,497			

Note 9. Employee Retirement Plans (Continued)

The following table sets forth additional disclosure of the System's defined benefit pension plan assets whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2012 and 2011

	Fair Value		Unfunded	Redemption	Redemption
	2012	2011	Commitment	Frequency	Notice Period
Investments, Equity Collective Investment Fund, JP Morgan Extended Duration Fund (A)	$ 40,292,671	$ 34,582,632	$ -	Daily	1 Day

(A) The fund invests mainly in level 2 investments such as collateralized mortgage obligations, corporate bonds and U S treasury securities This fund can be redeemed at the current NAV of the fund by giving written notice to the Trustee one business day prior to withdrawal The System has used the NAV as the practical expedient to measure fair value

The following summarizes target asset allocation and major asset categories as of June 30, 2012 and 2011

	Target Allocation		Actual	
	2012	2011	2012	2011
Domestic equity securities				
Large cap	26 0%	28 0%	28 7%	32 9%
Small cap	9 0	11 0	10 0	12 6
International equity securities	15 0	11 0	14 2	11 8
Fixed income	50 0	50 0	47 1	42 7
	100 0%	100 0%	100 0%	100 0%

Management's objective is to maintain adequate levels of diversification among plan assets Management monitors the allocation on an ongoing basis and will allocate plan assets accordingly in the subsequent quarter

The System expects to contribute approximately $6,000,000 to its defined benefit pension plan during the year ending June 30, 2013

Benefit payments from the defined benefit pension plan are expected to be paid as follows

Year ending June 30	
2013	$ 7,300,000
2014	7,500,000
2015	7,800,000
2016	8,000,000
2017	8,300,000
2018 to 2022	50,800,000
	$ 89,700,000

Physician employees of the System are eligible to participate in nonqualified deferred compensation plans The plans allow participants to defer a portion of their salary into the plans The plan assets are held for the benefit of participating employees The liability to these participants is recorded at the same amount as the plan assets' value The assets which are included in investments and corresponding noncurrent liability of the non-qualified deferred compensation plans recorded on the accompanying consolidated balance sheets are approximately $9,774,000 and $6,717,000 as of June 30, 2012 and 2011, respectively

Note 10. Income Tax Matters

GHS Iowa, GHS Illinois, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code GenVentures is subject to income taxes Misericordia Assurance Company, Ltd Is a foreign corporation not subject to income taxes

In lieu of corporate income taxes, the partners of The Larson Center Partnership and members of Davenport SRS Leasing, LLC and GenGastro, LLC are taxed on their proportionate share of the respective organization's income, deductions, losses and credits Therefore, the accompanying consolidated financial statements do not include any provision for income taxes for these entities

Deferred taxes for GenVentures are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized Deferred tax assets and liabilities are adjusted for the effects of changes in the tax laws and rates on the date of enactment The deferred taxes for GenVentures relate primarily to net operating loss carryforwards, property and equipment, allowance for doubtful accounts and accrued compensation

Net deferred taxes consist of the following components as of June 30, 2012 and 2011

	2012	2011
Deferred tax assets	$ 2,325,000	$ 1,901,000
Less valuation allowance	(2,325,000)	(1,901,000)
	$ -	$ -

For the years ended June 30, 2012 and 2011, there are no current income tax provisions due to the utilization of the net operating loss carryforward

As of June 30, 2012, GenVentures, for federal income tax purposes, has net operating loss carryforwards which are available to offset future federal taxable income and federal tax liabilities These carryforwards expire from 2013 through 2027 The carryforwards expiring in future years are as follows

Year ending June 30	
2013	$ 1,000
2014	-
2015	-
2016	-
2017	-
Thereafter	3,230,000
	$ 3,231,000

Note 10. Income Tax Matters (Continued)

Uncertainty in income taxes:

GHS Iowa, GHS Illinois, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust each files a Form 990 (Return of Organization Exempt from Income Tax) annually When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained Examples of tax positions common to health systems include such matters as the following the tax exempt status of each entity, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income Unrelated business taxable income is reported on Form 990T, as appropriate The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any

Tax positions are not offset or aggregated with other positions Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination

Forms 990 and 990T filed by GHS Iowa, GHS Illinois, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return Forms 990 and 990T filed by GHS Iowa, GHS Illinois, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust are no longer subject to examination for the fiscal years ended June 30, 2008 and prior GenVentures is a taxable organization and currently files income tax returns in the U S federal jurisdiction and various state jurisdictions GenVentures is no longer subject to income tax examinations for years June 30, 2008 and prior

A reconciliation of the uncertain tax positions as of June 30, 2012 and 2011 is as follows

	2012	2011
Balance, beginning of year	$ -	$ 45,000
Reductions for tax positions of prior years as a result of lapse of the applicable statute of limitations	-	(45,000)
Balance, end of year	$ -	$ -

For the years ended June 30, 2012 and 2011, uncertain tax positions have reduced income tax expense and have increased excess of revenue over expenses by none and $45,000, respectively

For the years ended June 30, 2012 and 2011, there was no interest expense associated with uncertain tax positions No amount has been accrued for penalties

Note 11. Self-Insurance, Contingent Liabilities and Commitments

Self-insured claims:

The System is primarily self-insured, up to certain limits, for general and professional liability, workers' compensation and employee group health and dental claims The System has purchased stop-loss insurance for general and professional liability claims, which will reimburse the System for individual claims in excess of $2,000,000 annually or aggregate claims exceeding $6,000,000 annually The System has purchased stop-loss insurance for workers' compensation claims in excess of $400,000 annually for the years ended June 30, 2012 and 2011, or aggregate claims in excess of $5,000,000 Insurance coverage is also maintained for health and dental claims in excess of $150,000

Operations are charged with the costs of claims reported and an estimate of claims incurred but not reported Total expense under the self-insured programs was approximately $24,426,000 and $26,275,000 for the years ended June 30, 2012 and 2011, respectively An independent actuarial firm is utilized to assist in determining the provision for general, professional and workers' compensation losses, including incurred but not reported losses The liabilities for estimated self-insured claims, including unpaid losses and loss adjustment expenses, recorded on the accompanying consolidated balance sheets are $36,707,000 and $37,465,000 as of June 30, 2012 and 2011, respectively, which include approximately $21,228,000 and $18,303,000, respectively, that are included in other long-term liabilities and approximately $1,818,000 and $3,798,000, respectively, included in other accrued expenses The amount of reinsurance recoverable on unpaid losses as of June 30, 2012 and 2011 was approximately $5,373,000 and $5,840,000, respectively, that is included in other receivables

The determination of such claims and expenses and the appropriateness of the related liability is continually reviewed and updated It is reasonably possible that the accrued estimated liability for self-insured claims may need to be revised in the short term In addition, participants of self-insurance programs may be required to make retrospective contributions as deemed necessary if loss experience is worse than anticipated

GFMC participates in a cooperative of University of Iowa-affiliated medical education foundations for the purpose of professional liability insurance to cover claims on a claims-made basis with a loss limit of $2,000,000 per occurrence and an annual limit of $4,000,000 and no deductible

Accounting for conditional asset retirement obligations:

The Conditional Asset Retirement Obligation Topic of the FASB Accounting Standards Codification clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties Over the past ten years, management has systematically renovated, replaced or newly constructed the majority of the physical plant facilities, resulting in a relatively small portion of the facility with any remaining hazardous material Management of the System believes that there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the System may settle the obligation is unknown and does not believe that the estimate of the liability related to these asset retirement activities is a material amount as of June 30, 2012 and 2011

Note 11. Self-Insurance, Contingent Liabilities and Commitments (Continued)

Laws and regulations:

The health care industry is subject to numerous laws and regulations of federal, state and local governments Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing

CMS RAC Program:

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program The RAC's identified and corrected a significant amount of improper overpayments and/or underpayments to providers In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states The System has been subject to such audits and will continue to be subject to additional audits in the future The System has accrued a receivable, which is included in other receivables, for amounts which have been recouped as part of the RAC program which have not yet been resolved The System has accrued an estimated liability, which is included in due to third-party payors as of June 30, 2012 and 2011, as a reserve for such audits based on the number of RAC audit requests, the System's historical defense rate and the analysis and reviews of a consulting firm It is reasonably possible that the recorded estimates will change materially in the near term

Current economic conditions:

The current economic environment presents hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing The financial statements have been prepared using values and information currently available to the System

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of the System's patients to pay for services rendered As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payors may significantly impact net patient service revenue, which could have an adverse impact on the System's future operating results Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact the System's ability to meet debt covenants or maintain sufficient liquidity

Note 11. Self-Insurance, Contingent Liabilities and Commitments (Continued)

Health care reform:

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for A primary goal of this comprehensive reform legislation is to extend health coverage to approximately 32 million uninsured legal U S residents through a combination of public program expansion and private sector health insurance reforms Given that final regulations and interpretive guidelines have yet to be published, the System is unable to fully predict the impact of PPACA on its operations and financial results If the law is implemented as adopted, the System's management expects that in the coming years, patients who were previously uninsured and unable to pay for care will have basic insurance coverage, and amounts for reimbursement for services from both public and private payors will be reduced and made conditional on various quality measures Management of the System is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement

Management agreements and potential affiliation:

The System has management agreements with Mercer County Hospital and Jackson County Regional Health Center (collectively the Hospitals) under which the System provides management consultation and other services to the Hospitals The arrangements do not alter the authority or responsibility of the Boards of Directors of the Hospitals

During the year ended June 30, 2012, the Board of Directors of the System and the Governing Boards of Mercer County Hospital and Mercer County, Illinois approved moving forward with the affiliation of the System and Mercer County Hospital, subject to satisfactory results of due diligence procedures and regulatory approval, which is in process but has not yet been obtained

Commitments:

Approximate future minimum payments required under a service contract as of June 30, 2012 are summarized below The term of this service contract is for a period of ten years (until during the year ending June 30, 2018), unless the System terminates the contract for cause

Year ending June 30	
2013	$ 1,845,000
2014	1,845,000
2015	1,845,000
2016	1,845,000
2017	1,845,000
Thereafter	1,691,000
	$ 10,916,000

Note 12. Net Asset Restrictions

Temporarily restricted net assets held by the System are restricted by donors for the following purposes as of June 30, 2012 and 2011

	2012	2011
Cardiac research	$ 455,282	$ 403,595
Visiting nurse programs	3,448,075	3,351,713
Hospice house	1,964,482	2,004,442
Heart of Mercy financial assistance	561,862	560,531
Inventory and equipment for GMC - Davenport	2,989,841	2,996,714
Cancer research	272,042	1,000,535
Adler Fund	1,316,237	1,276,072
Employee assistance fund	538,167	525,016
Other	3,974,101	3,994,249
	$ 15,520,089	$ 16,112,867

During the years ended June 30, 2012 and 2011, temporarily restricted net assets were released from donor restrictions by incurring expenditures satisfying their restricted purposes for property and equipment and reimbursement of operating expenses, in the amount of $3,659,824 and $3,994,125, respectively

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable primarily to support the Heart of Mercy financial assistance program The permanently restricted net assets held by the System are for the following purposes as of June 30, 2012 and 2011

	2012	2011
Heart of Mercy financial assistance	$ 1,466,797	$ 1,483,267
Hospice house	1,925,210	-
Other	425,827	420,604
	$ 3,817,834	$ 1,903,871

Note 13. Minimum Future Rentals

The following is a schedule by year of approximate future minimum rentals, net of rentals from affiliates, to be received under GenVentures' noncancelable operating leases as of June 30, 2012

Year ending June 30	
2013	$ 2,296,000
2014	2,218,000
2015	1,699,000
2016	1,539,000
2017	1,169,000
Thereafter	6,934,000
Total approximate future minimum rentals	$ 15,855,000

Note 14. Interest in Net Assets of Foundation

The DeWitt Community Hospital Foundation (DCH Foundation), whose financial statements are not included in the accompanying consolidated financial statements since it is not under the control of GHS, was established to establish, promote and support facilities and services providing health care for sick, injured, disabled, indigent or aged persons The support is to be provided to, or in cooperation with, other organizations including, without limitation, hospitals, ambulatory care services, nursing care facilities, and agencies or facilities providing care for persons in their homes As of June 30, 2012 and 2011 the DCH Foundation had unaudited assets of approximately $772,000 and $738,000, respectively DCH Foundation's assets consist primarily of cash and pledges receivable A portion of the DCH Foundation's net assets have been specified by their original donor to be used specifically for the benefit of Genesis Medical Center – DeWitt

Note 15. Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements The mix of the System's gross receivables from patients and third-party payors as of June 30, 2012 and 2011 was as follows

	2012	2011
Medicare	28%	29%
Medicaid	22	8
Blue Cross	10	13
Other third-party payers	15	16
Patients	25	34
	100%	100%

As of June 30, 2012, the System had deposits exceeding the federal depository insurance limits in various major financial institutions Management believes the credit risk related to these deposits is minimal

The System routinely invests its surplus operating funds in money market funds These funds generally invest in highly liquid U S government and agency obligations and various investment grade corporate obligations Investments in money market funds are not insured or guaranteed by the U S government or by the underlying corporation, however, management believes that credit risk related to these investments is minimal

Note 16. Acquisition

On December 31, 2010, the System acquired an additional 16 67% interest in GenGastro, LLC (a single-specialty gastroenterology ambulatory surgery center) for $5,148,000, increasing the System's ownership in GenGastro, LLC to 66 67% In accordance with the accounting guidance on *Not-for-Profit Entities· Mergers and Acquisitions,* the System remeasured its previously held 50% interest of GenGastro, LLC (which had a recorded value of approximately $493,000 at the date of acquisition) at fair value and recognized a gain of approximately $14,959,000 This gain is included in nonoperating gains and (losses) on the June 30, 2011 consolidated statement of operations

The System previously accounted for its 50% membership interest of GenGastro, LLC under the equity method of accounting and reported its 50% share of GenGastro, LLC's net income (loss) From December 31, 2010 (date of acquisition), the results of GenGastro, LLC's operations have been included in the consolidated financial statements

During the year ended June 30, 2012, the System acquired an additional 8 33% interest in GenGastro, LLC, increasing the System's ownership in GenGastro, LLC to 75 0% as of June 30, 2012

The following table summarizes the consideration paid for GenGastro, LLC, estimated fair value of the assets acquired and liabilities assumed and fair value at the acquisition date of the noncontrolling interests in GenGastro, LLC

Consideration	
Cash	$ 5,148,000
Fair value of the System's interest in GenGastro, LLC at acquisition date	15,452,000
	$ 20,600,000
Recognized amounts of assets acquired and liabilities assumed	
Current assets	$ 679,364
Property and equipment	408,154
Current liabilities	(97,951)
Noncontrolling interests in GenGastro, LLC	(10,300,000)
Goodwill	29,910,433
	$ 20,600,000
Excess of fair value over equity acquired for GenGastro, LLC	
Attributable to the System	$ 14,958,732
Attributable to noncontrolling interests	9,806,732
	$ 24,765,464

Fair values of the assets, liabilities and noncontrolling interests at the acquisition date were estimated by a third-party applying the market approach and income approach The fair value measurement is based on significant inputs that are not observable in the market and, therefore represents a Level 3 measurement as defined in the Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification Key assumptions include a discount rate of 15%, a terminal growth rate based on long-term sustainable growth of 3% and financial multiples of companies deemed to be similar to GenGastro, LLC

Note 16. Acquisition (Continued)

The goodwill of approximately $29,910,000 arising from the acquisition consists primarily of current and future expected earnings and profitability

The amount of GenGastro, LLC's revenue included in the System's consolidated statements of operations for the years ended June 30, 2012 and 2011 was approximately $6,180,000 and $3,151,000, respectively Excess of revenue over expenses and changes in net assets included in the System's consolidated statements of operations for the years ended June 30, 2012 and 2011 are approximately $4,051,000 and $2,156,000, respectively The amounts included during the System's year ended June 30, 2011 represent activity of GenGastro, LLC for the six month period from January 1 through June 30, 2011

Note 17. Pending Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs* This ASU was issued to clarify FASB's intent on application of certain aspects of existing fair value measurement requirements and to change certain requirements for measuring fair value and for disclosing information about fair value measurements These changes (mostly applicable to financial instruments in levels 2 and 3) include guidance on measuring the fair value of financial instruments that are managed within a portfolio, application of premiums and discounts, and additional disclosures about fair value measurements FASB has concluded that this ASU will achieve the objective of developing common fair value measurement and disclosure requirements in U S GAAP and IFRSs This ASU is effective for the System for annual reporting periods beginning after December 15, 2011 Management is in the process of evaluating the potential impact this ASU will have on the System's consolidated financial statements

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts

The provisions of ASU 2011-07 are effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted The changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented The disclosures required by ASU 2011-07 should be provided for the period of adoption and subsequent reporting periods Management is assessing the impact of the implementation of this ASU on the System's consolidated financial statements

Note 17. Pending Accounting Pronouncements (Continued)

The FASB issued ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment* The existing guidance under Accounting Standards Codification Topic 350 requires an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (step one) If the fair value of a reporting unit is less than its carrying amount, the second step of the test must be performed to measure the amount of the impairment loss, if any This ASU gives an entity the option in its annual goodwill impairment test to first assess revised qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount (qualitative assessment) If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity must still perform the existing two-step impairment test Otherwise, an entity would not be required to perform the existing two-step impairment test This ASU is effective for the System for the first annual reporting period beginning after December 15, 2011 Management is assessing the potential impact this ASU will have on the System's consolidated financial statements

Note 18. Functional Expenses

The System provides general health care services to residents within its geographic location Expenses for the System's 501(c)(3) entities related to providing these services for the years ended June 30, 2012 and 2011 are as follows

	2012	2011
Health care services	$ 430,387,882	$ 423,174,910
General, administrative and support services	95,456,812	89,012,051
Fund raising, net of intercompany contributions	967,239	1,081,481
	$ 526,811,933	$ 513,268,442

Included within general, administrative and support services are significant expenditures for information systems which support the delivery of health care services

McGladrey

Independent Auditor's Report
on the Supplementary Information

To the Audit and Compliance Committee
Genesis Health System
Davenport, Iowa

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information on pages 46 – 57 is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies 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 consolidating information on pages 46 – 57 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, based upon our audits and the reports of other auditors as explained in our report on the consolidated financial statements on page 1, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

The accompanying community benefit information on pages 43 – 45 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements This information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements, and accordingly, we express no opinion on it

McGladrey LLP

Davenport, Iowa
October 24, 2012

Genesis Health System
and Related Organizations

Schedule of Community Benefit
Year Ended June 30, 2012
(Unaudited)

Genesis Health System contributed $15,870,955 in community benefit to the Quad City area in fiscal year (FY) 2012 This represents a decrease of 11% when compared to FY 2011 Charity Care, reported at estimated cost in the amount of $9,732,159 was provided by Health System business units compared to $11,434,479 in FY 2011 Charity care is uncompensated care provided without expectation of reimbursement Charity care is distinct and separate from bad debt, which is care provided with an expectation of compensation but which we were unable to collect We do not count bad debt in our community benefit reporting, however, bad debt for Genesis Health System totaled $32,190,774 for FY 2012, up 14% from $27,792,024 for FY 2011

Unreimbursed Medicaid and other means-tested program costs are also not included in our community benefit reporting, however, the unreimbursed Medicaid and other means-tested program costs for FY 2012 were estimated at $19,575,182 This level of unreimbursed Medicaid costs increased 10% compared to FY 2011's level of $17,860,965

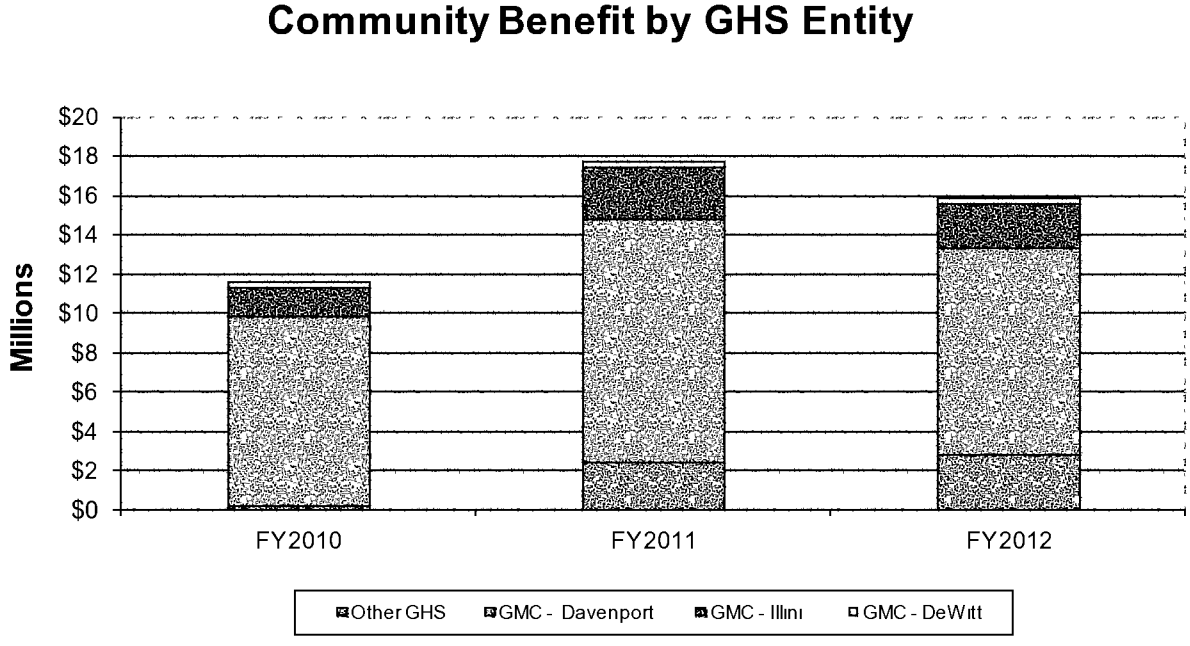
Table 1 shows a 14% decrease in community benefit for Genesis Medical Center (GMC) - Davenport compared to FY 2011 GMC - Illini decreased its community benefit by 16%, and GMC - DeWitt decreased by 21% Other GHS community benefit increased by 13% in FY 2012

Table 1: Community Benefit by GHS Entity

	Other GHS	GMC - Davenport	GMC - Illini	GMC - DeWitt	Total
FY2010	$ 174,422	$ 9,644,239	$ 1,490,646	$ 276,335	$ 11,585,642
FY2011	2,423,736	12,328,157	2,660,246	338,978	17,751,117
FY2012	2,748,034	10,608,642	2,246,442	267,837	15,870,955

This information is shown graphically in Graph 1

Graph 1: Community Benefit by GHS Business Unit



Genesis Health System
and Related Organizations

Schedule of Community Benefit
Year Ended June 30, 2012
(Unaudited)

Graph 2 represents the community benefit funding by category for each of the past three fiscal years Overall, community benefit funding decreased 11% compared to FY 2011 Community Health Improvement increased 6%, Community Building Activities increased 72%, and Research increased 24% compared to the prior year, while Charity Care decreased 15%

Graph 2: GHS Community Benefit Totals

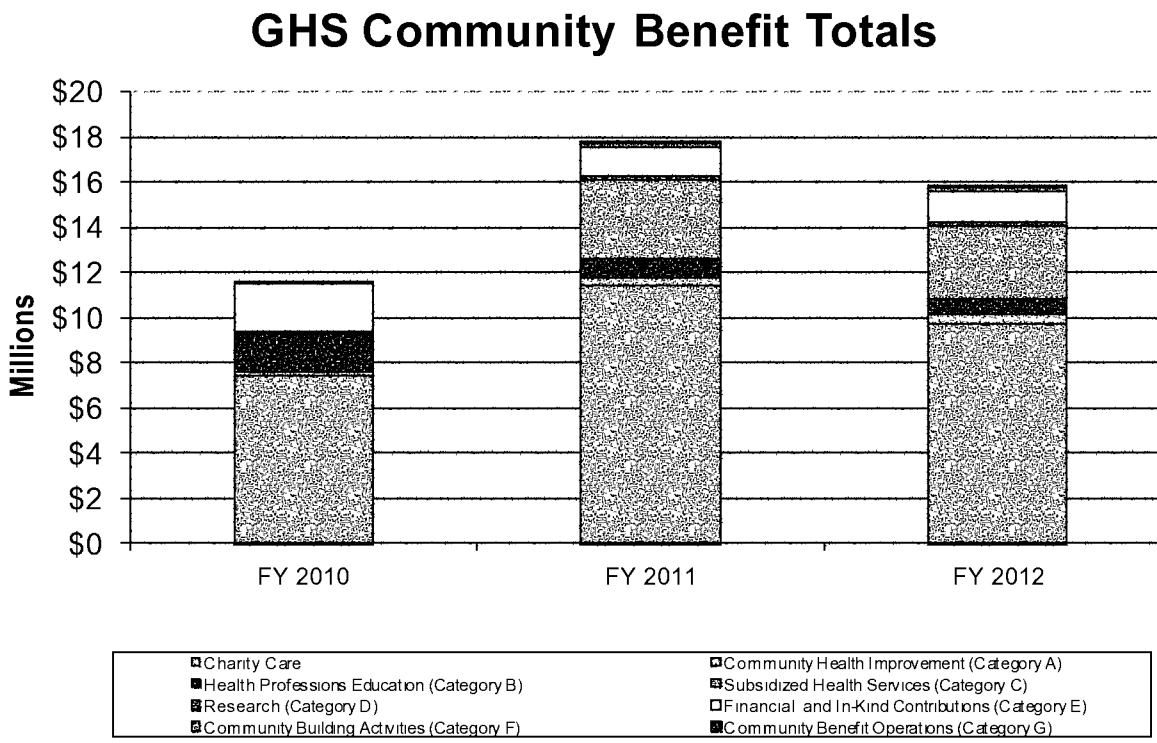


Table 2: FY 2012 Category Comparisons by GHS Business Unit

	Charity Care	Community Health Improvement (Category A)	Health Professions Education (Category B)	Subsidized Health Services (Category C)	Research (Category D)	Financial and In-Kind Contributions (Category E)	Community Building Activities (Category F)	Community Benefit Operations (Category G)	Total
GHS - Other	$ 960,500	$ 139,174	$ -	$ 1,197,589	$ -	$ 450,771	$ -	$ -	$ 2,748,034
GMC - Davenport	6,422,304	248,400	709,078	2,017,350	235,533	691,810	206,366	77,801	10,608,642
GMC - Illini	2,153,904	11,749	-	-	-	71,743	9,046	-	2,246,442
GMC - DeWitt	195,451	213	-	-	-	69,680	1,183	1,310	267,837
Totals	$ 9,732,159	$ 399,536	$ 709,078	$ 3,214,939	$ 235,533	$ 1,284,004	$ 216,595	$ 79,111	$ 15,870,955

Genesis Health System
and Related Organizations

Schedule of Community Benefit
Year Ended June 30, 2012
(Unaudited)

Table 3: Category Comparisons for the Past Three Fiscal Years

	Charity Care	Community Health Improvement (Category A)	Health Professions Education (Category B)	Subsidized Health Services (Category C)	Research (Category D)	Financial and In-Kind Contributions (Category E)	Community Building Activities (Category F)	Community Benefit Operations (Category G)	Total
FY 2010	$ 7,460,024	$ 163,450	$ 1,712,897	$ -	$ 97,744	$ 2,069,189	$ 63,587	$ 18,751	$ 11,585,642
FY 2011	11,434,479	377,815	787,908	3,518,200	190,374	1,287,810	126,074	28,457	17,751,117
FY 2012	9,732,159	399,536	709,078	3,214,939	235,533	1,284,004	216,595	79,111	15,870,955

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2012

Assets	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Current Assets				
Cash and cash equivalents	$ 54,169,968	$ 17,872,726	$ -	$ 72,042,694
Short-term investments	634,418	-	-	634,418
Receivables				
Patients, net	65,432,438	16,821,600	-	82,254,038
Affiliates	6,102,732	-	(2,339,227)	3,763,505
Notes, affiliate	1,193,372	-	-	1,193,372
Other, including assets limited as to use	15,316,252	733,634	-	16,049,886
Inventories, supplies and materials	9,221,836	2,258,554	-	11,480,390
Prepaid expenses and deposits	5,881,068	659,801	-	6,540,869
Total current assets	157,952,084	38,346,315	(2,339,227)	193,959,172
Long-Term Receivables and Investments				
Affiliate notes	16,043,331	-	-	16,043,331
Investment in subsidiaries	47,417,215	1,523,985	-	48,941,200
Investments	22,345,122	243,058	-	22,588,180
	85,805,668	1,767,043	-	87,572,711
Assets Limited as to Use				
Internally designated	155,221,439	-	-	155,221,439
Interest in net assets of Foundation	10,101,782	303,377	-	10,405,159
Donor restricted	3,352,414	-	-	3,352,414
	168,675,635	303,377	-	168,979,012
Property and Equipment, net	165,992,664	39,091,697	-	205,084,361
Other Assets				
Bond issuance costs, net	565,588	196,357	-	761,945
Goodwill	820,444	-	-	820,444
Other	654,487	-	-	654,487
	2,040,519	196,357	-	2,236,876
	$ 580,466,570	$ 79,704,789	$ (2,339,227)	$ 657,832,132

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation) and Genesis Health System – Illinois (an Illinois not-for-profit corporation)

Genesis Health Services Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Eliminations	Total
$ 315,775	$ 274,016	$ 283,555	$ 448,194	$ 107,151	$ 162,746	$ -	$ 73,634,131
-	-	-	297,116	-	-	-	931,534
-	710,919	-	1,778,528	-	-	-	84,743,485
-	-	-	-	-	-	(3,763,505)	-
-	-	-	-	-	-	(1,193,372)	-
192,824	-	-	720,515	1,920,653	3,562,248	(265,636)	22,180,490
-	28,417	28,574	1,026,858	-	-	-	12,564,239
-	7,249	-	123,372	-	6,349	-	6,677,839
508,599	1,020,601	312,129	4,394,583	2,027,804	3,731,343	(5,222,513)	200,731,718
-	-	-	-	-	-	(16,043,331)	-
-	-	-	-	-	-	(48,941,200)	-
2,390,594	-	-	1,046,000	12,151,240	23,512,491	-	61,688,505
2,390,594	-	-	1,046,000	12,151,240	23,512,491	(64,984,531)	61,688,505
-	-	-	-	-	-	-	155,221,439
-	-	-	-	-	-	(9,632,827)	772,332
15,213,177	-	-	-	-	-	-	18,565,591
15,213,177	-	-	-	-	-	(9,632,827)	174,559,362
9,975	217,679	2,186,937	41,806,566	-	-	-	249,305,518
-	-	-	-	-	-	-	761,945
-	-	-	-	-	-	29,910,433	30,730,877
-	-	666	303,077	-	-	-	958,230
-	-	666	303,077	-	-	29,910,433	32,451,052
$ 18,122,345	$ 1,238,280	$ 2,499,732	$ 47,550,226	$ 14,179,044	$ 27,243,834	$ (49,929,438)	$ 718,736,155

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2012

Liabilities and Net Assets and Equity	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Current Liabilities				
Current maturities of long-term debt	$ 7,234,431	$ 680,000	$ -	$ 7,914,431
Accounts payable				
Trade	19,794,739	2,755,737	-	22,550,476
Affiliates	-	2,339,227	(2,339,227)	-
Accrued salaries and wages	9,160,396	601,595	-	9,761,991
Accrued paid leave	15,382,405	2,191,597	-	17,574,002
Due to third-party payors	6,620,840	1,834,713	-	8,455,553
Unpaid losses and loss adjustment expenses	-	-	-	-
Other accrued expenses	4,887,154	853,563	-	5,740,717
Total current liabilities	63,079,965	11,256,432	(2,339,227)	71,997,170
Long-Term Debt, less current maturities	80,674,492	7,070,000	-	87,744,492
Unpaid Losses and Loss Adjustment Expenses, Retirement Benefits and Other Long-Term Liabilities	28,425,454	406,809	-	28,832,263
Total liabilities	172,179,911	18,733,241	(2,339,227)	188,573,925
Net Assets and Equity				
Common stock	-	-	-	-
Additional paid-in capital	-	-	-	-
Retained earnings (deficit)	-	-	-	-
Members and partners' equity	-	-	-	-
Unrestricted	394,832,463	60,668,171	-	455,500,634
Noncontrolling interests - unrestricted	-	-	-	-
Temporarily restricted	13,454,196	303,377	-	13,757,573
Permanently restricted	-	-	-	-
	408,286,659	60,971,548	-	469,258,207
	$ 580,466,570	$ 79,704,789	$ (2,339,227)	$ 657,832,132

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation) and Genesis Health System – Illinois (an Illinois not-for-profit corporation)

Genesis Health Services Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Eliminations	Total
$ -	$ -	$ 161,196	$ 1,403,922	$ -	$ -	$ (1,309,401)	$ 8,170,148
20,760	61,532	66,500	745,365	28,360	46,061	-	23,519,054
349,440	-	11,621	3,357,983	42,400	2,061	(3,763,505)	-
-	27,969	-	438,140	-	-	-	10,228,100
-	22,673	-	427,765	-	-	-	18,024,440
-	-	-	-	-	-	-	8,455,553
-	-	-	-	6,946,535	6,979,648	(265,636)	13,660,547
924,489	-	234,877	705,873	-	-	-	7,605,956
1,294,689	112,174	474,194	7,079,048	7,017,295	7,027,770	(5,338,542)	89,663,798
-	-	-	16,277,186	-	-	(15,927,302)	88,094,376
-	-	-	16,412	-	19,340,663	-	48,189,338
1,294,689	112,174	474,194	23,372,646	7,017,295	26,368,433	(21,265,844)	225,947,512
-	-	-	1,000	-	120,000	(121,000)	-
-	-	-	28,821,772	-	-	(28,821,772)	-
-	-	-	(4,645,192)	-	755,401	3,889,791	-
-	1,126,106	2,025,538	-	-	-	(3,151,644)	-
1,614,479	-	-	-	7,161,749	-	755,401	465,032,263
-	-	-	-	-	-	8,418,457	8,418,457
11,395,343	-	-	-	-	-	(9,632,827)	15,520,089
3,817,834	-	-	-	-	-	-	3,817,834
16,827,656	1,126,106	2,025,538	24,177,580	7,161,749	875,401	(28,663,594)	492,788,643
$ 18,122,345	$ 1,238,280	$ 2,499,732	$ 47,550,226	$ 14,179,044	$ 27,243,834	$ (49,929,438)	$ 718,736,155

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2011

Assets	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Current Assets				
Cash and cash equivalents	$ 53,124,950	$ 18,664,240	$ -	$ 71,789,190
Short-term investments	619,691	-	-	619,691
Receivables				
Patients, net	60,717,960	14,961,229	-	75,679,189
Affiliates	5,149,212	-	(2,759,455)	2,389,757
Notes, affiliate	1,101,947	-	-	1,101,947
Other, including assets limited as to use	6,903,948	938,367	-	7,842,315
Inventories, supplies and materials	10,437,231	2,261,478	-	12,698,709
Prepaid expenses and deposits	5,121,663	388,788	-	5,510,451
Total current assets	143,176,602	37,214,102	(2,759,455)	177,631,249
Long-Term Receivables and Investments				
Affiliate notes	13,512,181	-	-	13,512,181
Investment in subsidiaries	47,364,817	1,313,072	-	48,677,889
Investments	16,209,642	245,719	-	16,455,361
	77,086,640	1,558,791	-	78,645,431
Assets Limited as to Use				
Internally designated	157,863,185	-	-	157,863,185
Under bond indenture, funds held				
by trustee	5,235,343	663,832	-	5,899,175
Interest in net assets of Foundation	9,991,929	403,322	-	10,395,251
Donor restricted	4,133,745	-	-	4,133,745
	177,224,202	1,067,154	-	178,291,356
Property and Equipment, net	166,193,212	35,809,581	-	202,002,793
Other Assets				
Bond issuance costs, net	579,508	196,412	-	775,920
Goodwill	820,444	-	-	820,444
Other	968,907	-	-	968,907
	2,368,859	196,412	-	2,565,271
	$ 566,049,515	$ 75,846,040	$ (2,759,455)	$ 639,136,100

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation) and Genesis Health System – Illinois (an Illinois not-for-profit corporation)

Genesis Health Services Foundation	Illini Hospital Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Davenport SRS Leasing, LLC	Eliminations	Total
$ 864,157	$ 13,755	$ 226,568	$ 386,977	$ 243,624	$ 939,981	$ 633,070	$ 1,143,885	$ -	$ 76,241,207
-	-	-	-	619,441	-	-	-	-	1,239,132
-	-	670,984	-	2,771,555	-	-	-	-	79,121,728
-	-	-	-	-	-	93,680	148,125	(2,631,562)	-
-	-	-	-	-	-	-	-	(1,101,947)	-
148,497	451	9,075	1,577	419,166	2,015,452	3,978,332	-	-	14,414,865
-	-	28,417	-	982,183	-	-	-	-	13,709,309
-	-	7,975	-	131,774	-	6,390	110,008	-	5,766,598
1,012,654	14,206	943,019	388,554	5,167,743	2,955,433	4,711,472	1,402,018	(3,733,509)	190,492,839
-	-	-	-	-	-	-	-	(13,512,181)	-
-	-	-	-	-	-	-	-	(48,677,889)	-
2,618,517	226,693	-	-	1,046,000	11,970,035	22,072,377	-	-	54,388,983
2,618,517	226,693	-	-	1,046,000	11,970,035	22,072,377	-	(62,190,070)	54,388,983
-	-	-	-	-	-	-	-	-	157,863,185
-	-	-	-	-	-	-	-	-	5,899,175
-	-	-	-	-	-	-	-	(9,657,402)	737,849
12,741,822	403,322	-	-	-	-	-	-	-	17,278,889
12,741,822	403,322	-	-	-	-	-	-	(9,657,402)	181,779,098
9,975	-	330,655	2,289,745	38,317,347	-	-	5,376,045	-	248,326,560
-	-	-	-	-	-	-	-	-	775,920
-	-	-	-	-	-	-	-	29,910,433	30,730,877
-	82,194	-	3,722	401,491	-	-	-	-	1,456,314
-	82,194	-	3,722	401,491	-	-	-	29,910,433	32,963,111
$ 16,382,968	$ 726,415	$ 1,273,674	$ 2,682,021	$ 44,932,581	$ 14,925,468	$ 26,783,849	$ 6,778,063	$ (45,670,548)	$ 707,950,591

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2011

Liabilities and Net Assets and Equity	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Current Liabilities				
Current maturities of long-term debt	$ 5,860,000	$ 727,977	$ -	$ 6,587,977
Accounts payable				
Trade	14,693,285	1,975,491	-	16,668,776
Affiliates	-	2,759,455	(2,759,455)	-
Accrued salaries and wages	13,925,530	525,388	-	14,450,918
Accrued paid leave	14,073,483	2,165,375	-	16,238,858
Due to third-party payors	3,525,309	1,946,193	-	5,471,502
Unpaid losses and loss adjustment expenses	-	-	-	-
Other accrued expenses	4,713,487	631,180	-	5,344,667
Total current liabilities	56,791,094	10,731,059	(2,759,455)	64,762,698
Long-Term Debt, less current maturities	83,312,645	7,750,000	-	91,062,645
Unpaid Losses and Loss Adjustment Expenses, Retirement Benefits and Other Long-Term Liabilities	14,184,838	673,208	-	14,858,046
Total liabilities	154,288,577	19,154,267	(2,759,455)	170,683,389
Net Assets and Equity				
Common stock	-	-	-	-
Additional paid-in capital	-	-	-	-
Retained earnings (deficit)	-	-	-	-
Members and partners' equity	-	-	-	-
Unrestricted	397,635,264	56,288,451	-	453,923,715
Noncontrolling interests - unrestricted	-	-	-	-
Temporarily restricted	14,125,674	359,030	-	14,484,704
Permanently restricted	-	44,292	-	44,292
	411,760,938	56,691,773	-	468,452,711
	$ 566,049,515	$ 75,846,040	$ (2,759,455)	$ 639,136,100

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation) and Genesis Health System – Illinois (an Illinois not-for-profit corporation)

Genesis Health Services Foundation	Illini Hospital Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Davenport SRS Leasing, LLC	Eliminations	Total
$ -	$ -	$ -	$ 514,166	$ 1,216,752	$ -	$ -	$ 1,055,457	$ (1,128,549)	$ 8,245,803
36,490	-	72,993	5,483	659,930	21,005	61,224	575	4,500	17,530,976
519,388	49,923	-	4,500	1,984,681	77,570	-	-	(2,636,062)	-
-	-	16,659	-	125,194	-	-	-	-	14,592,771
-	-	20,725	-	386,564	-	-	-	-	16,646,147
-	-	-	-	-	-	-	-	-	5,471,502
-	-	-	-	-	6,052,467	9,311,553	-	-	15,364,020
833,265	8,698	-	239,432	997,946	-	-	-	-	7,424,008
1,389,143	58,621	110,377	763,581	5,371,067	6,151,042	9,372,777	1,056,032	(3,760,111)	85,275,227
-	46,960	-	161,307	13,930,002	-	-	4,762,326	(13,485,579)	96,477,661
-	-	-	-	16,557	-	16,535,671	-	-	31,410,274
1,389,143	105,581	110,377	924,888	19,317,626	6,151,042	25,908,448	5,818,358	(17,245,690)	213,163,162
-	-	-	-	1,000	-	120,000	-	(121,000)	-
-	-	-	-	28,821,772	-	-	-	(28,821,772)	-
-	-	-	-	(3,207,817)	-	755,401	-	2,452,416	-
-	-	1,163,297	1,757,133	-	-	-	959,705	(3,880,135)	-
2,252,003	217,512	-	-	-	8,774,426	-	-	755,401	465,923,057
-	-	-	-	-	-	-	-	10,847,634	10,847,634
10,882,243	359,030	-	-	-	-	-	-	(9,613,110)	16,112,867
1,859,579	44,292	-	-	-	-	-	-	(44,292)	1,903,871
14,993,825	620,834	1,163,297	1,757,133	25,614,955	8,774,426	875,401	959,705	(28,424,858)	494,787,429
$ 16,382,968	$ 726,415	$ 1,273,674	$ 2,682,021	$ 44,932,581	$ 14,925,468	$ 26,783,849	$ 6,778,063	$ (45,670,548)	$707,950,591

Genesis Health System
and Related Organizations

Consolidating Statement of Operations and Changes in Net Assets Information
Year Ended June 30, 2012

	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Change in unrestricted net assets				
Unrestricted revenue				
Net patient service revenue	$ 434,038,692	$ 88,861,435	$ (911,042)	$ 521,989,085
Other service revenue, net	-	994,618	-	994,618
Medical office building rental revenue	-	-	-	-
Other revenue	22,537,314	4,736,859	(658,941)	26,615,232
Total revenue	456,576,006	94,592,912	(1,569,983)	549,598,935
Expenses				
Salaries and wages	195,553,891	28,883,535	-	224,437,426
Employee benefits	42,581,212	6,733,203	(32,402)	49,282,013
Contracted professionals and services	37,421,642	6,088,913	(1,045,913)	42,464,642
Supplies	72,827,297	13,620,033	(176,950)	86,270,380
Other expenses	45,290,942	24,467,149	(314,718)	69,443,373
Provision for bad debts	25,008,208	6,810,255	-	31,818,463
Interest	4,167,857	245,142	-	4,412,999
Depreciation and amortization	27,823,095	3,946,293	-	31,769,388
Total expenses	450,674,144	90,794,523	(1,569,983)	539,898,684
Operating income (loss)	5,901,862	3,798,389	-	9,700,251
Nonoperating gains and (losses)				
Interest and dividend income and realized gains on sales of investments	6,169,126	71,145	-	6,240,271
Current year change in unrealized (losses) on trading securities	(1,708,994)	-	-	(1,708,994)
Other nonoperating income (expense)	919,857	110,212	-	1,030,069
Nonoperating gains and (losses)	5,379,989	181,357	-	5,561,346
Excess of revenue over (under) expenses before equity in net income of subsidiaries	11,281,851	3,979,746	-	15,261,597
Equity in net income of subsidiaries	1,379,968	399,974	-	1,779,942
Excess of revenue over (under) expenses	12,661,819	4,379,720	-	17,041,539
Less excess of revenue (over) expenses attributable to noncontrolling interests	-	-	-	-
Excess of revenue over (under) expenses attributable to Genesis Health System	12,661,819	4,379,720	-	17,041,539
Purchase of investment from noncontrolling interests	-	-	-	-
Income associated with noncontrolling interests	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-
Transfers (to) from related organizations	-	-	-	-
Change in unrecognized funded status of retirement plan	(15,464,620)	-	-	(15,464,620)
Increase (decrease) in unrestricted net assets	(2,802,801)	4,379,720	-	1,576,919
Change in temporarily restricted net assets				
Contributions, investment income and other	(112,507)	-	-	(112,507)
Net assets released from restrictions, used for operations	(668,824)	-	-	(668,824)
Transfers (to) from related organizations	-	-	-	-
Change in interest in net assets of Foundation	109,853	(55,653)	-	54,200
Increase (decrease) in temporarily restricted net assets	(671,478)	(55,653)	-	(727,131)
Change in permanently restricted net assets, contributions, investment income and other	-	(44,292)	-	(44,292)
Increase (decrease) in net assets	$ (3,474,279)	$ 4,279,775	$ -	$ 805,496

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation) and Genesis Health System – Illinois (an Illinois not-for-profit corporation)

Genesis Health Services Foundation	Illini Hospital Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Davenport SRS Leasing, LLC	Eliminations	Total
$ -	$ -	$ 6,179,899	$ -	$ 55,090	$ -	$ -	$ -	$ (4,519,706)	$ 523,704,368
-	-	-	-	8,369,364	-	-	828,536	-	10,192,518
-	-	-	1,225,752	8,736,016	-	-	-	(8,029,638)	1,932,130
1,146,288	18,185	-		108,733	1,343,666	3,105,956	-	(5,342,095)	26,995,965
1,146,288	18,185	6,179,899	1,225,752	17,269,203	1,343,666	3,105,956	828,536	(17,891,439)	562,824,981
402,157	24,667	440,572	-	5,409,815	-	-	-	-	230,714,637
54,410	2,019	251,145	-	1,222,180	-	-	-	(2,523)	50,809,244
284,561	3,537	465,943	150,263	192,026	195,342	-	10,553	-	43,766,867
76,962	363	241,872	2,039	343,731	-	-	-	(4,254,299)	82,681,048
1,426,302	26,019	600,418	351,391	6,943,255	1,148,324	3,105,956	207,289	(12,615,481)	70,636,846
-	-	-	-	372,311	-	-	-	-	32,190,774
-	-	262	17,832	1,053,041	-	-	215,182	(1,019,136)	4,680,180
-	-	129,112	174,989	3,181,533	-	-	546,019	-	35,801,041
2,244,392	56,605	2,129,324	696,514	18,717,892	1,343,666	3,105,956	979,043	(17,891,439)	551,280,637
(1,098,104)	(38,420)	4,050,575	529,238	(1,448,689)	-	-	(150,507)	-	11,544,344
101,859	-	-	-	30,058	329,251	-	-	-	6,701,439
(33,761)	(52,084)	-	-	-	(141,928)	-	-	-	(1,936,767)
262,689	2,784	164	(344)	(18,744)	(1,800,000)	-	276	-	(523,106)
330,787	(49,300)	164	(344)	11,314	(1,612,677)	-	276	-	4,241,566
(767,317)	(87,720)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	-	15,785,910
-	-	-	-	-	-	-	-	(1,779,942)	-
(767,317)	(87,720)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	(1,779,942)	15,785,910
-	-	-	-	-	-	-	-	(1,212,084)	(1,212,084)
(767,317)	(87,720)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	(2,992,026)	14,573,826
-	-	-	-	-	-	-	-	(2,369,885)	(2,369,885)
-	-	-	-	-	-	-	-	1,212,084	1,212,084
-	-	-	-	-	-	-	-	(1,271,376)	(1,271,376)
129,793	(129,793)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(15,464,620)
(637,524)	(217,513)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	(5,421,203)	(3,319,971)
3,159,468	(14,398)	-	-	-	-	-	-	-	3,032,563
(2,972,815)	(18,185)	-	-	-	-	-	-	-	(3,659,824)
326,447	(326,447)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(19,717)	34,483
513,100	(359,030)	-	-	-	-	-	-	(19,717)	(592,778)
1,958,255	(44,292)	-	-	-	-	-	-	44,292	1,913,963
$ 1,833,831	$ (620,835)	$ 4,050,739	$ 528,894	$ (1,437,375)	$ (1,612,677)	$ -	$ (150,231)	$ (5,396,628)	$ (1,998,786)

Genesis Health System
and Related Organizations

Consolidating Statement of Operations and Changes in Net Assets Information
Year Ended June 30, 2011

	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Change in unrestricted net assets				
Unrestricted revenue				
Net patient service revenue	$ 426,304,354	$ 90,335,398	$ (501,483)	$ 516,138,269
Other service revenue, net	-	989,704	-	989,704
Medical office building rental revenue	-	-	-	-
Other revenue	15,172,870	2,920,434	(665,367)	17,427,937
Total revenue	441,477,224	94,245,536	(1,166,850)	534,555,910
Expenses				
Salaries and wages	189,098,027	28,197,227	-	217,295,254
Employee benefits	46,577,460	6,505,022	(32,762)	53,049,720
Contracted professionals and services	33,914,573	6,579,662	(624,382)	39,869,853
Supplies	76,034,429	14,001,709	(157,973)	89,878,165
Other expenses	41,209,292	23,481,509	(351,733)	64,339,068
Provision for bad debts	21,627,108	5,984,974	-	27,612,082
Interest	4,262,725	445,255	-	4,707,980
Depreciation and amortization	27,881,858	3,850,479	-	31,732,337
Total expenses	440,605,472	89,045,837	(1,166,850)	528,484,459
Operating income (loss)	871,752	5,199,699	-	6,071,451
Nonoperating gains and (losses)				
Interest and dividend income and realized gains (losses) on sales of investments	6,863,056	359,948	-	7,223,004
Current year change in unrealized gains on trading securities	18,563,225	-	-	18,563,225
Other nonoperating income (expense)	573,724	322,515	-	896,239
Excess of fair value over equity acquired for GenGastro, LLC	14,958,732	-	-	14,958,732
Nonoperating gains and (losses)	40,958,737	682,463	-	41,641,200
Excess of revenue over (under) expenses before equity in net income of subsidiaries	41,830,489	5,882,162	-	47,712,651
Equity in net income of subsidiaries	597,354	386,290	-	983,644
Excess of revenue over (under) expenses	42,427,843	6,268,452	-	48,696,295
Less excess of fair value over equity acquired for GenGastro, LLC attributable to noncontrolling interests	-	-	-	-
Less excess of revenue over expenses attributable to noncontrolling interests	-	-	-	-
Excess of revenue over (under) expenses attributable to Genesis Health System	42,427,843	6,268,452	-	48,696,295
Consolidate GenGastro, LLC	-	-	-	-
Excess of fair value over equity acquired for GenGastro, LLC attributable to noncontrolling interests	-	-	-	-
Income associated with noncontrolling interests	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-
Contributions to (from) affiliates for capital expenditures	2,511,419	-	-	2,511,419
Net assets released from restrictions, for capital expenditures	-	-	-	-
Change in unrecognized funded status of retirement plan	20,918,020	-	-	20,918,020
Increase (decrease) in unrestricted net assets	65,857,282	6,268,452	-	72,125,734
Change in temporarily restricted net assets				
Contributions, investment income and other	44,928	-	-	44,928
Net assets released from restrictions, used for operations	-	-	-	-
Net assets released from restrictions, for capital expenditure	-	-	-	-
Change in interest in net assets of Foundation	3,136,904	(351,970)	-	2,784,934
Increase (decrease) in temporarily restricted net assets	3,181,832	(351,970)	-	2,829,862
Change in permanently restricted net assets, contributions, investment income and other	-	10,987	-	10,987
Increase (decrease) in net assets	$ 69,039,114	$ 5,927,469	$ -	$ 74,966,583

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation) and Genesis Health System – Illinois (an Illinois not-for-profit corporation)

Genesis Health Services Foundation	Illini Hospital Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Davenport SRS Leasing, LLC	Eliminations	Total
$ -	$ -	$ 3,150,642	$ -	$ 237,200	$ -	$ -	$ -	$ (4,484,681)	$ 515,041,430
-	-	-	-	8,945,157	-	-	1,657,073	-	11,591,934
-	-	-	1,224,462	8,079,453	-	-	-	(7,840,527)	1,463,388
1,028,721	459,746	-	303	173,005	2,042,500	3,482,136	-	(10,564,151)	14,050,197
1,028,721	459,746	3,150,642	1,224,765	17,434,815	2,042,500	3,482,136	1,657,073	(22,889,359)	542,146,949
312,840	104,809	208,187	-	5,245,378	-	-	-	-	223,166,468
43,629	7,485	117,329	-	1,150,340	-	-	-	(2,431)	54,366,072
101,925	-	96,010	109,595	427,755	227,678	-	10,716	-	40,843,532
64,503	2,856	113,584	1,747	311,247	-	-	-	(4,200,436)	86,171,666
1,384,312	496,898	382,247	362,518	6,618,993	1,814,822	3,482,136	363,769	(17,774,896)	61,469,867
37,592	-	-	-	142,350	-	-	-	-	27,792,024
10,252	2,847	25	54,623	951,300	-	-	487,953	(911,596)	5,303,384
-	-	76,827	164,674	3,112,800	-	-	1,092,039	-	36,178,677
1,955,053	614,895	994,209	693,157	17,960,163	2,042,500	3,482,136	1,954,477	(22,889,359)	535,291,690
(926,332)	(155,149)	2,156,433	531,608	(525,348)	-	-	(297,404)	-	6,855,259
243,614	-	-	-	40,332	273,852	-	-	-	7,780,802
231,094	121,113	-	-	-	93,292	-	-	-	19,008,724
437,647	75,405	-	-	(81,150)	(740,731)	-	1,461	-	588,871
-	-	-	-	-	-	-	-	9,806,732	24,765,464
912,355	196,518	-	-	(40,818)	(373,587)	-	1,461	9,806,732	52,143,861
(13,977)	41,369	2,156,433	531,608	(566,166)	(373,587)	-	(295,943)	9,806,732	58,999,120
-	-	-	-	-	-	-	-	(983,644)	-
(13,977)	41,369	2,156,433	531,608	(566,166)	(373,587)	-	(295,943)	8,823,088	58,999,120
-	-	-	-	-	-	-	-	(9,806,732)	(9,806,732)
-	-	-	-	-	-	-	-	(842,288)	(842,288)
(13,977)	41,369	2,156,433	531,608	(566,166)	(373,587)	-	(295,943)	(1,825,932)	48,350,100
-	-	-	-	-	-	-	-	493,268	493,268
-	-	-	-	-	-	-	-	9,806,732	9,806,732
-	-	-	-	-	-	-	-	842,288	842,288
-	-	-	-	-	-	-	-	(743,310)	(743,310)
(2,511,419)	-	-	-	-	-	-	-	-	-
2,511,419	-	-	-	-	-	-	-	-	2,511,419
-	-	-	-	-	-	-	-	-	20,918,020
(13,977)	41,369	2,156,433	531,608	(566,166)	(373,587)	-	(295,943)	8,573,046	82,178,517
3,665,316	106,157	-	-	-	-	-	-	-	3,816,401
(1,024,579)	(458,127)	-	-	-	-	-	-	-	(1,482,706)
(2,511,419)	-	-	-	-	-	-	-	-	(2,511,419)
-	-	-	-	-	-	-	-	(2,701,217)	83,717
129,318	(351,970)	-	-	-	-	-	-	(2,701,217)	(94,007)
241,326	10,987	-	-	-	-	-	-	(10,987)	252,313
$ 356,667	$ (299,614)	$ 2,156,433	$ 531,608	$ (566,166)	$ (373,587)	$ -	$ (295,943)	$ 5,860,842	$ 82,336,823

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT C TRAVIS V P STRATEGIC DEVELOPMENT	40 00					X		0	321,056	115,027
HEIDI S KAHLY-MCMAHON V P HUMAN RESOURCES	40 00						X	0	179,576	73,626
ROBERT M NELSON MD V P CLINICAL SERVICES	40 00						X	0	246,631	54,548
JUDITH K PRANGER V P PATIENT SERVICES	40 00						X	0	352,049	70,044
MIKE L SHARP V P SUPPORT SERVICES	40 00						X	0	225,679	72,307

Additional Data

Software ID:
Software Version:
EIN: 36-3616314
Name: GENESIS HEALTH SYSTEM

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEVEN C BAHLS DIRECTOR	4 00	X						0	0	0
MARK D BAWDEN CHAIRMAN	4 00	X		X				0	0	0
GREGORY J BUSH TREASURER	4 00	X		X				0	0	0
CHRISTOPHER J COX DIRECTOR	4 00	X						0	0	0
EDMUND P COYNE JR MD DIRECTOR	4 00	X						0	0	0
DOUGLAS P CROPPER PRESIDENT/CEO GHS	44 00	X		X				0	600,993	246,461
THOMAS A GILDEHAUS DIRECTOR	4 00	X						0	0	0
ROGER J HILL SECRETARY	4 00	X		X				0	0	0
MARK C KILMER DIRECTOR	4 00	X						0	0	0
JAMES W KOEHLER DIRECTOR	4 00	X						0	0	0
GEORGE J KONTOS JR MD DIRECTOR	40 00	X						0	535,471	28,016
CHARLENE E MAASKE DIRECTOR	4 00	X						0	0	0
EDWIN V MOTTO MD DIRECTOR	4 00	X						0	0	0
EDWARD J ROGALSKI PHD PAST CHAIRMAN	10 00	X		X				0	0	0
G CHRISTOPHER WAHLIG VICE CHAIRMAN	4 00	X		X				0	0	0
C DANA WATERMAN III DIRECTOR	4 00	X						0	0	0
CAROL A WATSON PHD RN CENP FAAN DIRECTOR	4 00	X						0	0	0
DALE D ZUDE DIRECTOR	4 00	X						0	0	0
MARK G ROGERS V P FINANCE/CFO	40 00			X				0	307,527	114,567
ROBERT W FRIEDEN V P INFORMATION SERVICES	40 00				X			0	325,094	36,395
FLORENCE L SPYROW PRESIDENT, GMC ILLINI	40 00				X			141,233	165,795	103,547
KENNETH R CROKEN V P CORPORATE COMMUNICATI	40 00					X		0	258,194	63,998
JAMES A LEHMAN MD V P QUALITY	40 00					X		0	344,757	85,558
JULIE MANAS PRESIDENT, GMC DAVENPORT	40 00					X		0	378,736	17,946
JUDITH MONDELLO V P LEGAL AFFAIRS	40 00					X		0	353,948	50,268