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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
Genesys Regional Medical Center

Doing Business As

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

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

**D Employer identification number**
38-2377821

**E Telephone number**
(810)606-6618

**G** Gross receipts $ 429,355,414

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

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

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

**H(c)** Group exemption number ▶ 0928

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

**J Website: ▶** www genesys org

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

## Part I Summary

**Activities & Governance**

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

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

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 12 |
| 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 | 3,785 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 576 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 1,263,516 |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | -37,643 |

| | | | Prior Year | Current Year |
|---|---|---|---|---|
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | 1,127,798 | 711,714 |
| | 9 | Program service revenue (Part VIII, line 2g) | 427,838,545 | 417,649,216 |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 16,019,805 | 5,948,548 |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 2,533,902 | 4,617,823 |
| | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 447,520,050 | 428,927,301 |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 20,081,536 | 4,906,051 |
| | 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) | 223,252,126 | 221,208,972 |
| | 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) | 205,597,712 | 196,385,829 |
| | 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 448,931,374 | 422,500,852 |
| | 19 | Revenue less expenses Subtract line 18 from line 12 | -1,411,324 | 6,426,449 |
| Net Assets or Fund Balances | | | Beginning of Current Year | End of Year |
| | 20 | Total assets (Part X, line 16) | 416,031,316 | 395,643,293 |
| | 21 | Total liabilities (Part X, line 26) | 364,180,097 | 373,198,742 |
| | 22 | Net assets or fund balances Subtract line 21 from line 20 | 51,851,219 | 22,444,551 |

## Part II Signature Block

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

**Sign Here**

▶ Signature of officer | Date 2013-05-13

▶ Nancy Haywood CFO - Genesys Health System
Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature ▶ Matthew Montgomery | Date | Check if self-employed ▶ ☐ | Preparer's taxpayer identification number (see instructions) P00492843

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Deloitte Tax LLP
250 East Fifth Street Suite 1900
Cincinnati, OH 45202

EIN ▶ 86-1065772

Phone no ▶ (513) 784-7100

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

**Part III** **Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

**4** Describe the 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 $ 319,529,347 including grants of $ 4,906,051 ) (Revenue $ 387,871,589 )

Hospital Net Patient Service Revenue - GRMC has 441 licensed beds (378 acute, 32 rehabilitation, and 31 bassinets) which resulted in providing 103,418 patient days of care, 21,247 patient discharges, which equaled a 69 1% occupancy percentage In addition, GRMC had 2,189 deliveries, 64,873 emergency visits, the hospital has 23 surgery suites which totaled 15,587 surgeries (both I/P & O/P), and 248 Open Heart procedures

**4b** (Code ) (Expenses $ 28,234,537 including grants of $ ) (Revenue $ 28,782,830 )

Medical Education Program - the program included the following specialties along with the associated number of Residents/Interns Traditional Internship (10), Cardiology Fellowship (6), Emergency Medicine (26), Family Practice (39), General Surgery (18), Internal Medicine (30), OB/GYN (13), Orthopedic Surgery (15), Podiatry (6), Radiology (12), Fellowships Gastroenterology (4), Hematology/Oncology (3), Psychology (3) and Pulmonary/Critical Care (4) This resulted in 139 full-time Resident/Intern equivalents

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

**4d** Other program services (Describe in Schedule O )

(Expenses $ including grants of $ ) (Revenue $ )

**4e** **Total program service expenses** ▶ $ 347,763,884

**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 | Yes | |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.* | 11d | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | Yes | |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | Yes | |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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 | Yes | |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, 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 | Yes | |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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 | 205 | | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . . . . . . . . . . . . . . | | | 1c | | |
| 2a | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . . . . . . . . . . . . . . . . . . . . | 2a | 3,785 | | | |
| 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 | 0 | | | |
| 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 12 | | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . . . . . . . . . . . . . . . . | 1b 9 | | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . . . . . . . . . . . . . . . . | | 2 | | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . | | 3 | | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | 4 | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? . | | 5 | | No |
| 6 | Did the organization have members or stockholders? . . . . . . . . . . . . . . . . . . | | 6 | Yes | |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . . . . . . . . . . . . . . | | 7a | Yes | |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . . . . . . . . . | | 7b | Yes | |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | |
| a | The governing body? . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? . . . . . . . . . . . | | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . . | | 9 | | No |

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

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

**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 ▶

Randy Kummler
5445 Ali Drive
Grand Blanc, MI 484395193
(810) 606-6618

**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) Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | (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 |
|---|---|---|---|---|---|---|---|---|---|---|
| (1) Karen Aldridge-Eason<br>Chairperson | 50 | X | | X | | | | 0 | 0 | 0 |
| (2) Jeffrey Tippett<br>Vice Chairperson | 50 | X | | X | | | | 0 | 0 | 0 |
| (3) John Anderson<br>Secretary | 50 | X | | X | | | | 0 | 0 | 0 |
| (4) Joyce Bolo<br>Treasurer | 50 | X | | X | | | | 0 | 0 | 0 |
| (5) Anita Abrol<br>Trustee | 50 | X | | | | | | 0 | 0 | 0 |
| (6) Sr Betty Granger<br>Trustee | 50 | X | | | | | | 0 | 0 | 0 |
| (7) Dara Headrick DO Sch O<br>Trustee | 50 00 | X | | | | | | 128,001 | 0 | 26,873 |
| (8) Wendy Johnson<br>Trustee | 50 | X | | | | | | 0 | 0 | 0 |
| (9) James Kure MD<br>Trustee | 50 | X | | | | | | 0 | 0 | 0 |
| (10) Mark Piper<br>Trustee | 50 | X | | | | | | 0 | 0 | 0 |
| (11) Kenneth Steibel MD Sch O<br>Trustee | 50 00 | X | | | | | | 212,659 | 0 | 29,846 |
| (12) Kevin Williams end 0112<br>Trustee | 50 | X | | | | | | 0 | 0 | 0 |
| (13) Elizabeth Aderholdt Sch O<br>Trustee, GHS Pres & CEO | 50 00 | X | | X | | | | 526,792 | 0 | 42,038 |
| (14) Nancy Haywood<br>GHS CFO | 50 00 | | | X | | | | 242,123 | 0 | 48,390 |
| (15) Christopher Palazzolo<br>GHS COO | 50 00 | | | X | | | | 451,496 | 0 | 62,997 |
| (16) Joy Finkenbiner<br>VP Prof & Support Srvcs | 50 00 | | | | X | | | 189,872 | 0 | 42,954 |
| (17) Nick Buttar MD<br>Physician | 50 00 | | | | | X | | 441,829 | 0 | 34,350 |

**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) Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | (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 |
|---|---|---|---|---|---|---|---|---|---|---|
| (18) Linda Hotchkiss MD<br>Chief Learning Officer | 50 00 | | | | | X | | 374,091 | 0 | 89,756 |
| (19) Guozhen Liu MD<br>Physician | 50 00 | | | | | X | | 262,353 | 0 | 29,223 |
| (20) James Lindemulder DO<br>Physician | 50 00 | | | | | X | | 261,371 | 0 | 32,961 |
| (21) Kenneth Yokosawa MD<br>Physician | 50 00 | | | | | X | | 234,360 | 0 | 31,131 |
| (22) Mark Taylor end 111<br>Former GHS CEO & Pres | 50 00 | | | | | | X | 342,804 | 0 | 3,238 |
| (23) James Bonnette MD end 0311<br>Former Key Employee | 50 00 | | | | | | X | 137,567 | 0 | 22,699 |
| (24) Pam Cislo<br>Former CNO | 50 00 | | | | | | X | 134,986 | 0 | 21,625 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | | (D) | (E) | (F) |
|---|---|---|---|---|
| 1b | Sub-Total . . . . . . . . . . . . . . . ▶ | | | |
| c | Total from continuation sheets to Part VII, Section A . . . . ▶ | | | |
| d | Total (add lines 1b and 1c) . . . . . . . . . . . . . ▶ | 3,940,304 | 0 | 518,081 |

**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 ▶128

| | | | 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 |
|---|---|---|
| Great Lakes Anesthesia Assoc PC<br>2432 Genesys Parkway<br>Grand Blanc, MI 48439 | Anesthesia Services | 8,138,300 |
| Genesee Medical Imaging PC<br>2325 Stonebridge Drive<br>Flint, MI 48532 | Radiology Services | 2,448,298 |
| Candescent Healing<br>32 Elm Place<br>Rye, NY 10580 | Wound Care Services | 2,302,710 |
| Genesys PHO LLC<br>307 E Court Street<br>Flint, MI 48502 | Mgmnt Services - Contracting | 1,501,983 |
| Great Lake Lithotripsy LLC<br>1500 West Park Drive<br>Westborough, MA 01581 | Mobile Lithotripsy Services | 1,040,209 |

**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 ▶33

**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 | 672,472 | | | | |
| | e | Government grants (contributions) 1e | | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above 1f | 39,242 | | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | | |
| | h | **Total.** Add lines 1a-1f . . . . . . . ▶ | | 711,714 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | Net Patient Revenue | 621990 | 387,121,861 | 386,127,064 | 994,797 | |
| | b | Medical Education | 611710 | 28,782,830 | 28,782,830 | | |
| | c | Rental income | 532000 | 1,235,113 | 1,235,113 | | |
| | d | Ancillary Revenue | 900003 | 509,412 | 509,412 | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f . . . . . . . . ▶ | | 417,649,216 | | | |
| Other Revenue | 3 | Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | | 4,063,453 | | | 4,063,453 |
| | 4 | Income from investment of tax-exempt bond proceeds . . ▶ | | | | | |
| | 5 | Royalties . . . . . . . . . . . . . ▶ | | | | | |
| | | | (i) Real / (ii) Personal | | | | |
| | 6a | Gross rents | 212,720 / | | | | |
| | b | Less rental expenses | 202,590 / | | | | |
| | c | Rental income or (loss) | 10,130 / | | | | |
| | d | Net rental income or (loss) . . . . . . . ▶ | | 10,130 | | 10,130 | |
| | | | (i) Securities / (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory | 1,817,583 / 293,035 | | | | |
| | b | Less cost or other basis and sales expenses | 0 / 225,523 | | | | |
| | c | Gain or (loss) | 1,817,583 / 67,512 | | | | |
| | d | Net gain or (loss) . . . . . . . . . . ▶ | | 1,885,095 | | | 1,885,095 |
| | 8a | Gross income from fundraising events (not including $ ____ of contributions reported on line 1c) See Part IV, line 18 . . . a | | | | | |
| | b | Less direct expenses . . . b | | | | | |
| | c | Net income or (loss) from fundraising events . . ▶ | | | | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 . . . a | | | | | |
| | b | Less direct expenses . . . b | | | | | |
| | c | Net income or (loss) from gaming activities . . . ▶ | | | | | |
| | 10a | Gross sales of inventory, less returns and allowances . a | | | | | |
| | b | Less cost of goods sold . . b | | | | | |
| | c | Net income or (loss) from sales of inventory . . ▶ | | | | | |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | Cafeteria | 722210 | 1,921,275 | | | 1,921,275 |
| | b | Medicaid ARRA | 900099 | 1,188,090 | 1,188,090 | | |
| | c | Indig Care Agr (QAAP) | 900099 | 277,018 | 277,018 | | |
| | d | All other revenue . . . . | | 1,221,310 | | 258,589 | 962,721 |
| | e | **Total.** Add lines 11a–11d . . . . . ▶ | | 4,607,693 | | | |
| | 12 | **Total revenue.** See Instructions . . . ▶ | | 428,927,301 | 418,119,527 | 1,263,516 | 8,832,544 |

## 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 | 4,906,051 | 4,906,051 | | |
| 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 . . . . | 2,293,417 | 231,405 | 2,062,012 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | 313,866 | | 313,866 | |
| 7 | Other salaries and wages | 175,489,273 | 155,601,914 | 19,887,359 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . | 5,841,068 | 5,170,204 | 670,864 | |
| 9 | Other employee benefits . . . . . . . . | 24,044,320 | 21,292,473 | 2,751,847 | |
| 10 | Payroll taxes . . . . . . . . . . . . . | 13,227,028 | 11,707,865 | 1,519,163 | |
| 11 | Fees for services (non-employees) | | | | |
| a | Management . . . . . . . | 4,255,119 | | 4,255,119 | |
| b | Legal . . . . . . . . . . | 2,502,860 | | 2,502,860 | |
| c | Accounting . . . . . . . . . . . . . | 681,157 | | 681,157 | |
| d | Lobbying . . . . . . . . . . . . . | 50,000 | 50,000 | | |
| e | Professional fundraising *See Part IV, line 17* . . | | | | |
| f | Investment management fees . . . . . . . | | | | |
| g | Other . . . . . . . . . . . . | 22,504,626 | 20,160,317 | 2,344,309 | |
| 12 | Advertising and promotion . . . . | 1,504,497 | 158,162 | 1,346,335 | |
| 13 | Office expenses . . . . . . . . | 6,552,075 | 5,462,806 | 1,089,269 | |
| 14 | Information technology . . . . . . . | 20,840,115 | 6,870,997 | 13,969,118 | |
| 15 | Royalties . . | | | | |
| 16 | Occupancy . . . . . . . . . . . . . | 15,757,303 | 13,594,114 | 2,163,189 | |
| 17 | Travel . . . . . . . . . . . . . . | 44,847 | 28,890 | 15,957 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . . . | | | | |
| 19 | Conferences, conventions, and meetings . . . . | 322,650 | 235,240 | 87,410 | |
| 20 | Interest . . . . . . . . . . . . . | | | | |
| 21 | Payments to affiliates . . . . . . . . | | | | |
| 22 | Depreciation, depletion, and amortization . . . . . | 10,885,450 | 9,796,905 | 1,088,545 | |
| 23 | Insurance . . . . . . . . . . . . . . . . . | 2,301,160 | 1,934,916 | 366,244 | |
| 24 | Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O ) | | | | |
| a | Med/Surg Supplies | 47,481,448 | 47,423,382 | 58,066 | |
| b | Purchased Services | 26,053,722 | 14,709,053 | 11,344,669 | |
| c | Patient Drug Costs | 11,726,895 | 11,726,895 | | |
| d | Bad Debts | 5,531,534 | 5,531,534 | | |
| e | | | | | |
| f | All other expenses | 17,390,371 | 11,170,761 | 6,219,610 | |
| 25 | **Total functional expenses.** Add lines 1 through 24f | 422,500,852 | 347,763,884 | 74,736,968 | 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 | | 395,056 | 1 | 3,465,044 |
| 2 | Savings and temporary cash investments | | 121,528,677 | 2 | 92,255,251 |
| 3 | Pledges and grants receivable, net | | | 3 | |
| 4 | Accounts receivable, net | | 46,647,810 | 4 | 50,058,426 |
| 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 | | 3,213,884 | 7 | 3,551,989 |
| 8 | Inventories for sale or use | | 4,690,902 | 8 | 4,749,411 |
| 9 | Prepaid expenses and deferred charges | | 14,669,064 | 9 | 6,086,250 |
| 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 361,154,201 | | | |
| b | Less accumulated depreciation | 10b 205,169,307 | 163,005,745 | 10c | 155,984,894 |
| 11 | Investments—publicly traded securities | | | 11 | |
| 12 | Investments—other securities See Part IV, line 11 | | 37,311,650 | 12 | 40,245,502 |
| 13 | Investments—program-related See Part IV, line 11 | | 452,779 | 13 | 491,191 |
| 14 | Intangible assets | | 2,073,549 | 14 | 10,876,468 |
| 15 | Other assets See Part IV, line 11 | | 22,042,200 | 15 | 27,878,867 |
| 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 416,031,316 | 16 | 395,643,293 |
| **Liabilities** | | | | | |
| 17 | Accounts payable and accrued expenses | | 38,762,230 | 17 | 42,835,531 |
| 18 | Grants payable | | | 18 | |
| 19 | Deferred revenue | | 1,319,479 | 19 | 1,090,724 |
| 20 | Tax-exempt bond liabilities | | | 20 | |
| 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | | 21 | |
| 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | | 22 | |
| 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 324,098,388 | 25 | 329,272,487 |
| 26 | **Total liabilities.** Add lines 17 through 25 | | 364,180,097 | 26 | 373,198,742 |
| **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 | | 51,851,219 | 27 | 22,444,551 |
| 28 | Temporarily restricted net assets | | | 28 | 0 |
| 29 | Permanently restricted net assets | | | 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 | | 51,851,219 | 33 | 22,444,551 |
| 34 | Total liabilities and net assets/fund balances | | 416,031,316 | 34 | 395,643,293 |

## 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 | 428,927,301 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 422,500,852 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | 6,426,449 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 51,851,219 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | -35,833,117 |
| 6 | Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) . . . . . . | 6 | 22,444,551 |

## 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 ________<br>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?<br>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<br>☐ 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 | | |

| efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019693 |
|---|---|---|

**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
Genesys Regional Medical Center

**Employer identification number**
38-2377821

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

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

1 ☐ A church, convention of churches, or association of churches **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**

**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 |
|---|---|
| Genesys Regional Medical Center | 38-2377821 |

## 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 | | |

| **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 |

| | (a) | (b) |
|---|---|---|
| **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- | | |

**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)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | Yes | | 50,000 |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | | No | |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 50,000 |
| 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 | Payment to Friends of Genesee Health Plan (has political, community, and health care leaders) Over the past 10 years, Genesee Health Plan (GHP) and Genesys Health System (GHS) have worked together to improve access for the community's uninsured Dedicated to the mission of Genesys and Ascension Health, GHP has provided access to medical treatment and prescription drugs to thousands of individuals A special millage (last millage 2006) is being proposed to Genesee County voters as a way of sustaining the health plan Genesys Regional Medical Center has been asked to donate $50,000 to support the millage renewal campaign |
| Part IV, Supplemental Information | | Part II-B, Line 1, Lobbying Activities Lobbying expenses incurred also include a portion of the dues paid to both national and state hospital associations Genesys Regional Medical Center does not participate in or intervene in (including the publishing or distributing or statements) any political campaign on behalf of (or in opposition to) any candidate for public office |

**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**
Genesys Regional Medical Center

**Employer identification number**
38-2377821

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| | (a) Current Year | (b) Prior Year | (c) Two Years Back | (d) Three Years Back | (e) Four Years Back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | 1,798,911 | 3,342,601 | 3,132,669 | 3,646,048 | |
| b Contributions | 67,516 | 104,217 | 63,150 | 128,971 | |
| c Investment earnings or losses | -57,922 | 190,837 | 279,884 | -286,054 | |
| d Grants or scholarships | 26,520 | 9,000 | 17,540 | 24,262 | |
| e Other expenditures for facilities and programs | 48,454 | 1,829,744 | 115,562 | 332,034 | |
| f Administrative expenses | | | | | |
| g End of year balance | 1,733,531 | 1,798,911 | 3,342,601 | 3,132,669 | |

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

a Board designated or quasi-endowment ▶ 44 000 %

b Permanent endowment ▶ 27 000 %

c Term endowment ▶ 29 000 %

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

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

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

**Part VI 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 | | 6,670,620 | | 6,670,620 |
| b Buildings | | 220,079,926 | 184,735,078 | 35,344,848 |
| c Leasehold improvements | | | | |
| d Equipment | | 123,608,353 | 17,204,269 | 106,404,084 |
| e Other | | 10,795,302 | 3,229,960 | 7,565,342 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 155,984,894 |

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

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) Pension Prefunding | 30,338,360 | F |
| (B) Funded Depreciation | 9,580,532 | F |
| (C) Investment Property (Idle Land) | 326,610 | C |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 12 )* ▶ | 40,245,502 | |

**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 |
|---|---|---|
| | | |
| | | |
| | | |
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| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 13 )* ▶ | | |

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

| (a) Description | (b) Book value |
|---|---|
| (1) IRS Receivable - Med Education FICA Refund | 10,877,553 |
| (2) Third Party Receivables | 6,416,087 |
| (3) Due from Affiliates | 5,131,997 |
| (4) Deferred Executive Asset | 2,448,314 |
| (5) Receivable - Accretive | 1,043,242 |
| (6) Miscellaneous Billing Receivables | 504,002 |
| (7) Receivable -Caymich | 455,406 |
| (8) Medicaid ARRA Receivable | 255,000 |
| (9) Other | 747,266 |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . . . . . . . . ▶ | 27,878,867 |

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| Intercompany Debt to Ascension Health | 295,561,324 |
| Third Party Liabilities | 7,965,276 |
| Pension Liability | 7,093,934 |
| Med Education FICA Refund Payable | 7,222,092 |
| Professional Liability | 5,930,134 |
| Litigation Allowance | 2,850,000 |
| Deferred Compensation | 1,199,581 |
| A/R Credit Balances | 829,701 |
| Other | 620,445 |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 329,272,487 |

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

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

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

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

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

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

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

## Part XIV Supplemental Information

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

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

## Additional Data

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

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

| **(a)** Description | **(b)** Book value |
|---|---|
| IRS Receivable - Med Education FICA Refund | 10,877,553 |
| Third Party Receivables | 6,416,087 |
| Due from Affiliates | 5,131,997 |
| Deferred Executive Asset | 2,448,314 |
| Receivable - Accretive | 1,043,242 |
| Miscellaneous Billing Receivables | 504,002 |
| Receivable -Caymich | 455,406 |
| Medicaid ARRA Receivable | 255,000 |
| Other | 747,266 |

### Form 990, Schedule D, Part X, - Other Liabilities

| 1 **(a)** Description of Liability | **(b)** Amount |
|---|---|
| Intercompany Debt to Ascension Health | 295,561,324 |
| Third Party Liabilities | 7,965,276 |
| Pension Liability | 7,093,934 |
| Med Education FICA Refund Payable | 7,222,092 |
| Professional Liability | 5,930,134 |
| Litigation Allowance | 2,850,000 |
| Deferred Compensation | 1,199,581 |
| A/R Credit Balances | 829,701 |
| Other | 620,445 |

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
Genesys Regional Medical Center

**Employer identification number**
38-2377821

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

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

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

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

| | (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region or independent contractors | (d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service(s) in region | (f) Total expenditures for region/investments in region |
|---|---|---|---|---|---|---|
| | East Asia and the Pacific | 0 | 4 | Program services | Medical Education training | 178,769 |
| | | | | | | |
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| | | | | | | |
| 3a | Sub-total | 0 | 4 | | | 178,769 |
| b | Total from continuation sheets to Part I | 0 | 0 | | | 0 |
| c | **Totals** (add lines 3a and 3b) | 0 | 4 | | | 178,769 |

**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) |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
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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) |
|---|---|---|---|---|---|---|---|
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## Part IV Foreign Forms

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

# Additional Data

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



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

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**
Genesys Regional Medical Center

**Employer identification number**
38-2377821

## 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<br>☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ 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 | 3a | Yes | |
| | ☐ 100% ☐ 150% ☐ 200% ☑ Other 250.000000000000 % | | | |
| 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 | 3b | Yes | |
| | ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ % | | | |
| c | If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care | | | |
| 4 | Did the organization's policy provide free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's charity care expenses exceed the budgeted amount? | 5b | Yes | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | No |
| 6a | Did the organization prepare a community benefit reportduring the tax year? | 6a | Yes | |
| 6b | If "Yes," did the organization make it available to the public? | 6b | Yes | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | | |

7 Charity Care and Certain Other Community Benefits at Cost

| Charity Care and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Charity care at cost (from Worksheet 1) | | | 6,874,615 | | 6,874,615 | 1 650 % |
| b Medicaid (from Worksheet 3, column a) | | | 41,665,326 | 31,108,114 | 10,557,212 | 2 530 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 8,046,517 | 7,605,662 | 440,855 | 0 110 % |
| d **Total** Charity Care and Means-Tested Government Programs | | | 56,586,458 | 38,713,776 | 17,872,682 | 4 290 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | 9 | | 432,157 | 75,999 | 356,158 | 0 090 % |
| f Health professions education (from Worksheet 5) | | | 28,566,721 | 12,967,687 | 15,599,034 | 3 740 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | 1 | | 52,500 | | 52,500 | 0 010 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | 2 | | 254,788 | 60 | 254,728 | 0 060 % |
| j **Total** Other Benefits | 12 | | 29,306,166 | 13,043,746 | 16,262,420 | 3 900 % |
| k **Total.** Add lines 7d and 7j | 12 | | 85,892,624 | 51,757,522 | 34,135,102 | 8 190 % |

**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 | 2 | 10 | 1,296 | | 1,296 | 0 % |
| 7 Community health improvement advocacy | 2 | | 381 | | 381 | 0 % |
| 8 Workforce development | | | | | | |
| 9 Other | | | | | | |
| 10 **Total** | 4 | 10 | 1,677 | | 1,677 | |

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

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | | 1 | | No |
| 2 | Enter the amount of the organization's bad debt expense | 2 | 1,932,368 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | 1,911,808 | | |
| 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 | 201,558,017 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 192,686,031 |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | 8,871,986 |

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**

| | | | Yes | No |
|---|---|---|---|---|
| 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 Genesys Surgical Services Co-Management Company | Surgical Clinical Service Line | 50 000 % | | 50 000 % |
| 2 2 Genesys Cardiovascular Co-Management Company | Cardiovascular Clinical Service | 50 000 % | 1 920 % | 48 080 % |
| 3 3 Genesys OrthoNeuro Co-Management Company | Ortho/Neuro Clinical Service Line | 50 000 % | | 50 000 % |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
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| 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 | Genesys Regional Medical Center<br>One Genesys Parkway<br>Grand Blanc, MI 484398065 | X | X | | X | | X | X | | |
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**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)

**Name of Hospital Facility:** Genesys Regional Medical Center

**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)<br>**a** ☐ A definition of the community served by the hospital facility<br>**b** ☐ Demographics of the community<br>**c** ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community<br>**d** ☐ How data was obtained<br>**e** ☐ The health needs of the community<br>**f** ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups<br>**g** ☐ The process for identifying and prioritizing community health needs and services to meet those needs<br>**h** ☐ The process for consulting with persons representing the community's interests<br>**i** ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs<br>**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)<br>**a** ☐ Hospital facility's website<br>**b** ☐ Available upon request from the hospital facility<br>**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)<br>**a** ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community<br>**b** ☐ Execution of the implementation strategy<br>**c** ☐ Development of a community-wide community benefit plan for the facility<br>**d** ☐ Participation in community-wide community benefit plan<br>**e** ☐ Inclusion of a community benefit section in operational plans<br>**f** ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA<br>**g** ☐ Prioritization of health needs in the community<br>**h** ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community<br>**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 250 000000000000%<br>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 250 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**

| | | Yes | No |
|---|---|---|---|
| **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**

| | | Yes | No |
|---|---|---|---|
| **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? 8

| | Name and address | Type of Facility (Describe) |
|---|---|---|
| 1 | Genesys MRI Center<br>981 Health Park Blvd<br>Grand Blanc, MI 48439 | Magnetic Resonance Imaging Services |
| 2 | Genesys Wound and Hyperbaric Center<br>600 Health Park Blvd Suite 1<br>Grand Blanc, MI 48439 | Wound and Hyperbaric Services |
| 3 | Genesys Sleep Disorders Center<br>8220 S Saginaw Street<br>Grand Blanc, MI 48439 | Sleep Disorder Services |
| 4 | Genesys Sleep Disorders Center<br>3990 Pollock<br>Grand Blanc, MI 48439 | Sleep Disorder Services |
| 5 | GRMC Satellite OP Physical Therapy Svs<br>600 Health Park Blvd Suite C<br>Grand Blanc, MI 48439 | Outpatient Physical Therapy Services |
| 6 | GRMC Satellite OP Physical Therapy Svs<br>944 Baldwin Road<br>Lapeer, MI 48446 | Outpatient Physical Therapy Services |
| 7 | GRMC Satellite OP Physical Therapy Svs<br>425 N Fenway Drive<br>Frenton, MI 48430 | Outpatient Physical Therapy Services |
| 8 | GRMC Satellite OP Physical Therapy Svs<br>5625 Water Tower Place<br>Clarkston, MI 48346 | Outpatient Physical Therapy Services |
| 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 6a Genesys Regional Medical Center annually complies its community benefit information and submits such information to both the Michigan Hospital Association (MHA) and the Greater Flint Health Coalition for inclusion into formal consolidated publications of all participating entities |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part I, L7 Col(f) The amount of bad debt expense reported on Form 990, Part IX, Line 25, column (A), but subtracted for purposes of calculating the percentages in Part I, Line 7, column (f) is $5,531,534 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part II Recognizing that one person or organization cannot solve all of the community's unmet needs, community building activities serve as a catalyst for change, capitalizing on the diverse gifts and talents of individuals and organizations to bring about real change and real solutions During FY 12, GRMC's community building activities such as a coalition and community health improvement advocacy efforts, served to address root causes of health problems Identification of such root causes is a vital step in the ultimate goal of promoting health within the community at large |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part III, Line 4 The provision for bad debts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, GRMC follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health Accounts receivable are written off after collection efforts have been followed in accordance with internal policies Costs in questions #2 & 3 are calculated from the adjusted cost-to-charge ratio which is based on total costs, less the following bad debt, other operating revenues, community health improvement costs, and "other" program costs for the poor |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part III, Line 8 Shortfall - N/A Costs in question #6 are calculated from the adjusted cost-to-charge ratio which is based on total costs, less the following bad debt, other operating revenues, community health improvememnt costs, and "other" program costs of the poor |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part III, Line 9b The organization has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance If a patient qualifies for charity or financial assistance certain collection practices do not apply |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| Genesys Regional Medical Center | | Part V, Section B, Line 13g The financial assistance policy is also provided to patients during the financial counseling process |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Genesys Regional Medical Center | | Part V, Section B, Line 19d An uninsured discount of 40% was applied against reasonable and customary charges The discount (40%) was based upon a review of the average discounted rate of GRMC's commercial/contracted rates that made up at least 3% of the hospital's overall volume |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part VI, Line 2 Genesys Health System is a member of a non-profit 501(c)3 organization ca lled the Greater Flint Health Coalition (GFHC) The mission of the GFHC is to improve the health status of Genesee County residents and to improve the quality and cost effectivenes s of the health care delivery system It is a community/institutional partnership and mult ifaceted collaboration The Coalition's vision is a healthy Genesee County community pract icing healthy lifestyles with access to the best and most cost effective health and medica l care Since its inception, the Greater Flint Health Coalition has served the community by reaching out to those with diverse experiences and perspectives to address common health issues in order to find solutions to our area's most pressing health dilemmas Through the power of partnership, consensus, collaboration, fairness, integrity, continuous improveme nt, innovation, and public participation, the GFHC has become a neutral table in which cut ting edge initiatives related to healthcare access, quality, cost, and health improvement can be addressed to improve our community's health status Genesys Health System uses the G FHC as a convener for evaluating community health needs It serves as a data warehouse whe re subcommittees are responsible for essentially generating a community health needs asses sment and re-populating the data as it becomes available It is through this partnership t hat Genesys is able to gather the primary data to reveal the population's health needs Re cently, a Community Health Assessment Team was formed at the GFHC and consists of members from each hospital in the Genesys Service Area The purpose of this Team is to oversee the CHNA process and make certain all hospitals are collectively complying with the IRS regul ations During Fiscal Year 2012, Genesys Health System laid the foundation to prepare for the new IRS 990 regulations precipitated by healthcare reform This included readying the system for elements required in IRS notice 2011-52 Genesys focused attention on three str ategically significant areas to allow the organization to successfully implement changes t he following year The 3 milestone accomplishments included 1 Hardwiring community health needs into the annual strategic planning process2 Creating Genesys Health System Board o f Directors alignment through the Advocacy Committee of the Board of Directors3 Purposefu l community engagementThe Genesys planning process follows a circular timeline Each quart er is prescriptive in order to achieve strategic development Prior to identifying any ann ual strategic initiatives, data from a Community Health Needs Assessment will be reviewed by internal stakeholders to help determine where gaps and opportunities exist to improve c ommunity health This information is used to plan for future programming and resource requ irements in order to address the needs of the community, with special attention to serving the poor and vulnerable populations In FY12, an internal Genesys Community Benefit Steer ing Committee team analyzed and interpreted the available community needs data and a strat egic objective was adopted to improve healthy behaviors and outcomes -- "Advance community strategy and engagement to address the top 3 (CHNA identified) community health needs In fant health, healthy lifestyles and advance care planning " This patient centered approach is driving the development of population health management strategies at Genesys Health S ystem The key projects resulting from this process will serve as the Genesys CHNA Impleme ntation Plan and Community Benefit Plan In addition, to further involve community stakeho lders, the Advocacy Committee of the Board composition was enhanced by adding members who represent key community organizations as they relate to community needs such as the Free M edical Clinic and local FQHC Furthermore, the charter for the Genesys Advocacy Committee of the Board was re-written to reflect an external community focus The purpose states "th e Advocacy Committee supports the Genesys Health System Board of Trustees in achieving the GHS Mission, Vision and Values by providing oversight and guidance to optimize Genesys' e ngagement with community partners and impact on the overall health of our community " One of the key responsibilities include "to review measures of community health disparities, p rioritize the most important community health needs and make recommendations relative to t he role of GHS in addressing those needs "Genesys recognizes that an integral part of p opulation health management is getting to know those we serve All leaders in the organiza tion were expected to embed themselves in the community to better understand the issues th e population faces This includes work such as volunteering in the local soup kitchen, ser ving Meals-on-Wheels, assisting at the YWCA, distributing hats and gloves to the homeless or assisting at an event designed to increase acce |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | ss to healthcare These "hands-on" experiences serving the poor and vulnerable will assist leaders as they go through strategic and operational planning process |

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

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part VI, Line 4 Genesee County, which includes its major urban core the City of Flint - was at one time the national epicenter of automotive manufacturing industry As the birthplace of General Motors (GM) in 1908 and home to the United Auto Workers' (UAW) famous Sit-Down Strike of 1936-37, Genesee County/Flint helped define the American auto industry By the late 1970's, GM employed more than 80,000 workers in the county Impacted by national deindustrialization in the 1980s and thereafter, a period of disinvestment, depopulation, and urban decay would follow as the automotive industry declined rapidly By 2010, less than 8,000 GM jobs remained - less than 10% of what once defined the community's manufacturing and economic base Today, Genesee County/Flint remains a "community in recovery" due to this historical economic shift, having experienced significant unemployment and population declines coupled with overwhelmingly poor measures for both health factors and health outcomes Genesee County's current population of 425,790 includes a racial composition of 74 5% White, 20 7% African-American, and 3 0% Hispanic/Latino While nearly 200,000 people once lived within the City of Flint during its peak in the 1960s and 1970s, today only 102,434 residents remain, a majority being African-American (56 6%) These developments have fueled consistently high unemployment rates (currently at 11 4%) and growing generational poverty (36 1% in the City of Flint, 16 3% countywide, and 29 5% among county children) From 2008 to 2010, the county's population has decreased by almost 5,000 residents Genesee County is also an aging population - the median age has increased from 35 0 years in 2000 to 37 3 years in 2008 The Median Household income in 2007 for the City of Flint was $26,143, Genesee County $43,112, the State of Michigan $47,950 and the United States $50,740 Genesee County's educational attainment (relative to percentage of individuals with a Bachelor's degree) is significantly lower than the State of Michigan and the United States The percentage of persons with Bachelor's degrees in Genesee County is 19%, Michigan 25% and the United States 27 9% |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part VI, Line 5 Please see Part VI, Line 2 Disclosure |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part VI, Line 6 Genesys Health System (GHS) is a member of Ascension Health In December 2011, Ascension Health Alliance became the sole corporate member and parent organization of Ascension Health Ascension Health (the System) is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 21 of the United States and the District of Columbia Ascension Health Alliance is sponsored by Ascension Health Ministries, a Public Juridic Person The participating entities of Ascension Health Ministries are the Daughters of Charity of St Vincent de Paul in the United States, St Louise Province, the Congregation of St Joseph, the Congregation of the Sisters of St Joseph of Carondelet, and the Congregation of Alexian Brothers of the Immaculate Conception Province - American Province GHS is related to Ascension Health's other sponsored organizations through common control Substantially all expenses of Ascension Health are related to providing health care services GRMC is a 441 (378 acute, 32 Rehabiltation, and 31 Bassinets) licensed bed hospital with 2,766 full-time equivalents in FY 12 GRMC provides inpatient, outpatient, and emergency care services for the residents of Genesee County and other surrounding counties Admitting physicians are primarily practitioners in the local area MISSION Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves In accordance with Ascension Health's mission of service to those persons living in poverty and other vulnerable persons, each health ministry accepts patients regardless of their ability to pay Ascension Health uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs -Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured -Unpaid cost of public programs, excluding Medicare, represent the unpaid cost of services to persons covered by public programs for persons living in poverty and other vulnerable persons -Costs of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome-Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics, and medical research Discounts are provided to all uninsured patients, including those with the means to pay Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs The cost of providing care of persons living in poverty and community benefit programs is estimated using internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service (IRS) |

**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
Genesys Regional Medical Center

**Employer identification number**
38-2377821

## Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. 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) Genesys Ambulatory Health Services5445 Ali Dr Dept 200 Grand Blanc, MI 484395193 | 38-2871754 | 501(c)(3) | 3,741,251 | | | | Support Operations |
| (2) Michigan State University (College of Human Medicine)A110 E Fee Hall East Lansing, MI 48824 | | | 1,100,020 | | | | Support Program Expansion |
| (3) Genesys VolunteersOne Genesys Parkway Grand Blanc, MI 484398065 | 38-1472646 | 501(c)(3) | 15,000 | | | | Sponsor - Fundraiser |
| (4) Free Medical Clinics of Michigan (Genesee County) 2437 Welch Boulevard Flint, MI 48504 | 38-2995700 | 501(c)(3) | 10,500 | | | | Support Operations |
| (5) Mclaren Regional Medical Center401 S Ballenger Highway Flint, MI 48532 | 38-2383119 | 501(c)(3) | 6,000 | | | | Sponsor - Fundraiser |
| | | | | | | | |
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| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 4

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 |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |

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

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

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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**
Genesys Regional Medical Center

**Employer identification number**
38-2377821

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items<br>☐ First-class or charter travel ☐ Housing allowance or residence for personal use<br>☑ Travel for companions ☐ Payments for business use of personal residence<br>☐ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees<br>☐ 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<br>☐ Compensation committee ☐ Written employment contract<br>☐ Independent compensation consultant ☐ Compensation survey or study<br>☐ 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) Dara Headrick DO Sch O | (i) | 127,900 | 0 | 101 | 7,821 | 19,052 | 154,874 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) Kenneth Steibel MD Sch O | (i) | 212,659 | 0 | 0 | 11,380 | 18,466 | 242,505 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) Elizabeth Aderholdt Sch O | (i) | 480,530 | 0 | 46,262 | 35,005 | 7,033 | 568,830 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) Nancy Haywood | (i) | 216,931 | 0 | 25,192 | 28,623 | 19,767 | 290,513 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) Christopher Palazzolo | (i) | 444,722 | 0 | 6,774 | 42,463 | 20,534 | 514,493 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) Joy Finkenbiner | (i) | 189,602 | 0 | 270 | 36,365 | 6,589 | 232,826 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) Nick Buttar MD | (i) | 441,415 | 0 | 414 | 14,943 | 19,407 | 476,179 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) Linda Hotchkiss MD | (i) | 373,317 | 0 | 774 | 74,204 | 15,552 | 463,847 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) Guozhen Liu MD | (i) | 237,252 | 24,831 | 270 | 13,172 | 16,051 | 291,576 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) James Lindemulder DO | (i) | 260,957 | 0 | 414 | 13,376 | 19,585 | 294,332 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) Kenneth Yokosawa MD | (i) | 220,839 | 13,107 | 414 | 12,097 | 19,034 | 265,491 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (12) Mark Taylor end 111 | (i) | 59,283 | 209,623 | 73,898 | 1,544 | 1,694 | 346,042 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (13) James Bonnette MD end 0311 | (i) | 120,054 | 0 | 17,513 | 16,043 | 6,656 | 160,266 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (14) Pam Cislo | (i) | 133,797 | 0 | 1,189 | 8,125 | 13,500 | 156,611 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| | | | | | | | | |

**Part III Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Part I, Line 1a | The Genesys Health System Chief Executive Officer travelled with a companion along with having fees that were paid for a social club In each of the aforementioned instances, written company policy along with any IRS tax requirements (where applicable) were followed |
| | Part I, Line 3 | Genesys Regional Medical Center relied on a related organization (Genesys Health System) that used one or more of the methods described below to establish the top management official's compensation -Compensation committee -Independent compensation consultant -Compensation survey or study -Approval by the board or compensation committee |
| | Part I, Line 4b | Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid to the executive is reported as compensation on Form 990, Part II, column B in the year paid Genesys Regional Medical Center (GRMC - a related entity) contributed to the nonqualified supplemental retirement plan as follows James Bonnette M D - $16,043 Linda Hotchkiss M D - $59,008 Nancy Haywood - $16,072 Elizabeth Aderholdt - $16,415 Christopher Palazzolo - $25,113 Joy Finkenbiner - $24,950 |

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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**
Genesys Regional Medical Center

**Employer identification number**
38-2377821

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

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

| 1 (a) Name of disqualified person | (b) Description of transaction | (c) Corrected? Yes | No |
|---|---|---|---|
| | | | |
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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 | From | (c) Original principal amount | (d) Balance due | (e) In default? Yes | No | (f) Approved by board or committee? Yes | No | (g) Written agreement? Yes | No |
|---|---|---|---|---|---|---|---|---|---|---|
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| 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 |
|---|---|---|
| | | |
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## Part IV Business Transactions Involving Interested Persons.

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

| **(a)** Name of interested person | **(b)** Relationship between interested person and the organization | **(c)** Amount of transaction | **(d)** Description of transaction | **(e)** Sharing of organization's revenues? Yes | No |
|---|---|---|---|---|---|
| (1) Kenneth Steibel MD | Trustee/Bus Owned | 127,299 | See below | | No |
| (2) Clark Headrick DO | Trustee/Family MBR | 195,961 | See below | | No |
| | | | | | |
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## Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| Schedule L, Part IV, Column D | | The hospital paid to Dr Steibel's company rent payments for Outpatient Physical Therapy space along with additional space utilized for storage The hospital paid to the husband of a board member (Dara Headrick D O ) compensation for his role in Information Systems (Physician Application Services) |
| Schedule L, Part IV | Business Transactions Involving Interested Persons | All transactions reported on Part IV are reported as arms-length for fair market value |

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# SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization
Genesys Regional Medical Center

**Employer identification number**
38-2377821

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

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

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

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

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

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VII, Section A | Officers for Genesys Regional Medical Center provide services to Genesys Health System and its subsidiaries Hours worked are not tracked on an entity by entity basis Therefore, where noted with a "Sch O" reference, officers hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours worked per week for all entities Dara Headrick D O , receives her compensation for her role as a physician at Genesys Regional Medical Center, and not for her services as a board member at Genesys Regional Medical Center Kenneth Steibel, M D , receives his compensation for his role as Chief of Staff at Genesys Regional Medical Center, and not for his services as board member of Genesys Regional Medical Center Elizabeth Aderholdt, CEO and President, receives her compensation for her role as CEO at Genesys Health System, and not for her role as a trustee of Genesys Regional Medical Center |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| Changes in Net Assets or Fund Balances | Form 990, Part XI, line 5 | Net unrealized losses on investments -9,330,797 Pension/Other Post Retirement Funding Status Adj -21,069,575 Equity Transfers (Related Parties) Discontinued Operations -810,001 Equity Transfers (Related Parties) Ascension -3,504,843 Equity Transfers (Related Parties) Sponsors (Ascension Parent) -295,788 Equity Transfers (Related Parties) Genesys Health Foundation -822,113 Total to Form 990, Part XI, Line 5 -35,833,117 |

**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**
Genesys Regional Medical Center

**Employer identification number**
38-2377821

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

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
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**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization Yes | No |
|---|---|---|---|---|---|---|---|
| See Additional Data Table | | | | | | | |
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**Part III** **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
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**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| **(1)** Genesys Health Enterprises<br>3909 Beecher Rd<br>Flint, MI 48532<br>38-2536250 | Medical Equipment | MI | N/A | C | | | |
| **(2)** Genesys Practice Partners<br>5445 Ali Drive Dept 200<br>Grand Blanc, MI 48439<br>03-0516871 | Employed Phy Practice | MI | N/A | C | | | |
| **(3)** Beecher Ballenger Services<br>One Genesys Parkway<br>Grand Blanc, MI 484398065<br>38-2497922 | Holding Company | MI | N/A | C | | | |
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## 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 | Yes | |
| **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 | | No |
| **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 | | No |
| **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 | Yes | |
| **n** Sharing of paid employees with related organization(s) | 1n | Yes | |
| **o** Reimbursement paid to related organization(s) for expenses | 1o | Yes | |
| **p** Reimbursement paid by related organization(s) for expenses | 1p | 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 | | No |

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

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

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

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) 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 | |
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**Part VII Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|

**Additional Data**

Return to Form

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

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

| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c)(3)) | (f) Direct Controlling Entity | g Section 512 (b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| Ascension Health<br><br>PO Box 45998<br>St Louis, MO 631453806<br>31-1662309 | National Health System | MO | Section 501(c)(3) | Schedule A, Line 11a | Ascension Health Alliance | | No |
| Genesys Health System<br><br>One Genesys Parkway<br>Grand Blanc, MI 484398065<br>38-3339703 | Health System Parent | MI | Section 501(c)(3) | Schedule A, Line 11c | Ascension Health | | No |
| Center for Gerontology<br><br>7280 S State Street<br>Goodrich, MI 48438<br>38-2514708 | Adult Day Care | MI | Section 501(c)(3) | Schedule A, Line 11b | Genesys Ambulatory Health Services | Yes | |
| Genesys Ambulatory Health Services<br><br>5445 Ali Drive Dept 200<br>Grand Blanc, MI 484395193<br>38-2371754 | Hlth Srv/Staffing/Prop Mgmnt | MI | Section 501(c)(3) | Schedule A, Line 11b | Genesys Health System | Yes | |
| Genesys Convalescent Center<br><br>8481 Holly Road<br>Grand Blanc, MI 484391812<br>38-2317364 | Convalescent Center | MI | Section 501(c)(3) | Schedule A, Line 3 | Genesys Ambulatory Health Services | Yes | |
| Genesys Health Foundation<br><br>One Genesys Parkway<br>Grand Blanc, MI 484398065<br>38-3591148 | Foundation | MI | Section 501(c)(3) | Schedule A, Line 11b | Genesys Health System | Yes | |
| Genesys Home Health & Hospice<br><br>5445 Ali Drive Dept 500 600<br>Grand Blanc, MI 484395195<br>38-2177968 | Home Hlth/Hospice | MI | Section 501(c)(3) | Schedule A, Line 11b | Genesys Ambulatory Health Services | Yes | |
| Genesys Volunteers<br><br>One Genesys Parkway<br>Grand Blanc, MI 484398065<br>38-1472646 | GRMC Support | MI | Section 501(c)(3) | Schedule A, Line 11a | Genesys Health System | Yes | |
| Health Source Group<br><br>5445 Ali Drive Dept 200<br>Grand Blanc, MI 484395193<br>38-2427678 | Prg Related Investments | MI | Section 501(c)(3) | Schedule A, Line 11b | Genesys Health System | Yes | |

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

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved ($) | (d) Method of determining amount involved |
|---|---|---|---|---|
| (1) | Genesys Practice Partners | A | 145,995 | FMV |
| (2) | Genesys Health Enterprises | A | 66,725 | FMV |
| (3) | Genesys Ambulatory Health Services | B | 3,741,251 | FMV |
| (4) | Genesys Health Foundation | C | 672,472 | FMV |
| (5) | Genesys Practice Partners | I | 145,995 | FMV |
| (6) | Genesys Health Enterprises | I | 66,725 | FMV |
| (7) | Genesys Ambulatory Health Services | J | 427,296 | Cost |
| (8) | Genesys Health Foundation | L | 672,472 | Cost |
| (9) | Genesys Convalescent Center | N | 55,191 | Cost |
| (10) | Genesys Home Health & Hospice | N | 110,382 | Cost |
| (11) | Genesys Ambulatory Health Services | O | 5,918,056 | Cost |
| (12) | Genesys Home Health & Hospice | O | 51,373 | Cost |
| (13) | Ascension Health | O | 22,647,162 | Cost |
| (14) | Genesys Convalescent Center | P | 66,134 | Cost |
| (15) | Genesys Home Health & Hospice | P | 1,382,422 | Cost |
| (16) | Center for Gerontology | P | 113,776 | Cost |
| (17) | Genesys Ambulatory Health Services | P | 1,888,014 | Cost |
| (18) | Genesys Health Enterprises | P | 370,369 | Cost |
| (19) | Genesys Health Foundation | P | 470,063 | Cost |
| (20) | Genesys Health Foundation | O | 822,113 | Cost |

## 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)** Ascension Health | Q | 20,144,134 | Cost |

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Genesys Health System – Member of Ascension Health
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

ERNST & YOUNG

Genesys Health System

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2012 and 2011

# Contents

ERNST & YOUNG

# Report of Independent Auditors

The Board of Trustees
Genesys Health System

We have audited the accompanying consolidated balance sheets of Genesys Health System and subsidiaries (as identified in Note 1) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Genesys Health System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Genesys Health System's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Genesys Health System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Genesys Health System and subsidiaries at June 30, 2012 and 2011, and the consolidated results of their operations and changes in net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

September 27, 2012

Genesys Health System

## Consolidated Balance Sheets
*(Dollars in Thousands)*

| | June 30 2012 | June 30 2011 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ **6,409** | $ 20,006 |
| Short-term investments | **500** | 500 |
| Interest in investments held by Ascension Health Alliance | **984** | – |
| Accounts receivable, less allowances for uncollectible accounts ($21,210 and $33,069 in 2012 and 2011, respectively) | **56,917** | 47,226 |
| Estimated third-party payor settlements | **6,417** | 4,930 |
| Inventories | **5,970** | 5,559 |
| Assets held for sale | – | 506 |
| Other | **17,043** | 8,388 |
| Total current assets | **94,240** | 87,115 |
| | | |
| Assets limited as to use and other long-term investments | **2,291** | 187,268 |
| Interest in investments held by Ascension Health Alliance | **173,542** | – |
| | | |
| Property and equipment, net | **159,213** | 166,359 |
| | | |
| Other assets: | | |
| Investment in unconsolidated entities | **13,464** | 12,217 |
| Notes and other receivables | **4,034** | 14,657 |
| Other | **16,576** | 15,356 |
| Total other assets | **34,074** | 42,230 |
| Total assets | $ **463,360** | $ 482,972 |

*(Continued on next page)*

Genesys Health System

Consolidated Balance Sheets (continued)
*(Dollars in Thousands)*

| | June 30 | |
|---|---|---|
| | **2012** | **2011** |
| **Liabilities and net assets** | | |
| Current liabilities: | | |
| Current portion of long-term debt | **$ 2,332** | $ 2,407 |
| Accounts payable and accrued liabilities | **54,638** | 45,690 |
| Estimated third-party payor settlements | **7,965** | 10,968 |
| Current portion of self-insurance liabilities | **2,730** | 2,743 |
| Other | **734** | 261 |
| Total current liabilities | **68,399** | 62,069 |
| | | |
| Noncurrent liabilities: | | |
| Long-term debt | **295,000** | 297,332 |
| Self-insurance liabilities | **3,495** | 3,655 |
| Pension liabilities | **7,094** | 69 |
| Other | **6,380** | 9,981 |
| Total noncurrent liabilities | **311,969** | 311,037 |
| Total liabilities | **380,368** | 373,106 |
| | | |
| Net assets: | | |
| Unrestricted | **78,463** | 104,791 |
| Temporarily restricted | **3,995** | 4,553 |
| Permanently restricted | **534** | 522 |
| Total net assets | **82,992** | 109,866 |
| Total liabilities and net assets | **$ 463,360** | $ 482,972 |

*See accompanying notes.*

# Genesys Health System

## Consolidated Statements of Operations and Changes in Net Assets

*(Dollars in Thousands)*

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| Operating revenue: | | |
| Net patient service revenue | $ **451,484** | $ 458,537 |
| Capitation revenue | **67** | 113 |
| Other revenue | **15,272** | 14,371 |
| Income from unconsolidated entities | **2,888** | 2,275 |
| Net assets released from restrictions for operations | **270** | 365 |
| Total operating revenue | **469,981** | 475,661 |
| | | |
| Operating expenses: | | |
| Salaries and wages | **207,620** | 202,892 |
| Employee benefits | **48,993** | 52,640 |
| Purchased services | **38,582** | 32,385 |
| Professional fees | **41,438** | 41,861 |
| Supplies | **65,874** | 69,405 |
| Insurance | **2,824** | 2,893 |
| Bad debts | **6,740** | 16,218 |
| Interest | **11,082** | 11,933 |
| Depreciation and amortization | **11,490** | 10,933 |
| Other | **29,056** | 30,585 |
| Total operating expenses before impairment, restructuring, and nonrecurring expense | **463,699** | 471,745 |
| Income from operations before impairment, restructuring, and nonrecurring expense | **6,282** | 3,916 |
| Impairment, restructuring, and nonrecurring gains (losses), net | **(998)** | (1,365) |
| Income from operations | **5,284** | 2,551 |
| | | |
| Nonoperating (losses) gains: | | |
| Investment return | **(4,481)** | 31,443 |
| Income from unconsolidated entities | **626** | 593 |
| Other | **(1,937)** | 143 |
| Total nonoperating (losses) gains, net | **(5,792)** | 32,179 |
| (Deficit) excess of revenues and gains over expenses and losses | **(508)** | 34,730 |

*(Continued on next page)*

## Genesys Health System

## Consolidated Statements of Operations and Changes in Net Assets (continued)

*(Dollars in Thousands)*

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| **Unrestricted net assets** | | |
| (Deficit) excess of revenues and gains over expenses and losses | **$ (508)** | $ 34,730 |
| Pension and other postretirement liability adjustments | **(21,070)** | 79,318 |
| Transfers to sponsor and other affiliates, net | **(3,801)** | (5,745) |
| Net assets released from restrictions for property acquisitions | **471** | 768 |
| Change in share of investee's net assets | **(609)** | – |
| Other | **–** | (1,575) |
| (Decrease) increase in unrestricted net assets before loss from discontinued operations | **(25,517)** | 107,496 |
| Loss from discontinued operations | **(811)** | (614) |
| (Decrease) increase in unrestricted net assets | **(26,328)** | 106,882 |
| **Temporarily restricted net assets** | | |
| Contributions and grants | **330** | 569 |
| Net change in unrealized (losses) gains on investments | **(237)** | 240 |
| Investment return | **90** | 155 |
| Net assets released from restrictions | **(741)** | (1,133) |
| Other | **–** | 1,756 |
| (Decrease) increase in temporarily restricted net assets | **(558)** | 1,587 |
| **Permanently restricted net assets** | | |
| Contributions | **11** | 12 |
| Investment return | **1** | 1 |
| Other | **–** | (180) |
| Increase (decrease) in permanently restricted net assets | **12** | (167) |
| (Decrease) increase in net assets | **(26,874)** | 108,302 |
| Net assets, beginning of the year | **109,866** | 1,564 |
| Net assets, end of the year | **$ 82,992** | $ 109,866 |

*See accompanying notes.*

# Genesys Health System

## Consolidated Statements of Cash Flows
*(Dollars in Thousands)*

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| **Operating activities** | | |
| (Decrease) increase in net assets | $ **(26,874)** | $ 108,302 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities. | | |
| Depreciation and amortization | **11,490** | 10,933 |
| Provision for bad debts | **6,740** | 16,347 |
| Interest, dividends, and net losses (gains) on investments | **4,244** | (31,685) |
| Pension and other postretirement liability adjustments | **21,070** | (79,318) |
| Gain on sale of assets, net | **(159)** | (36) |
| Impairment and nonrecurring expenses | **998** | 1,365 |
| Transfers to sponsor and other affiliates, net | **3,801** | 5,745 |
| Restricted contributions, investment return and other restricted activity | **(432)** | 1,543 |
| (Increase) decrease in | | |
| Accounts receivable | **(16,431)** | (27,214) |
| Estimated third-party payor settlements | **(1,487)** | 700 |
| Inventories and other assets | **(5,884)** | 471 |
| Investments, including interest in investments held by Ascension | **5,970** | (5,455) |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | **8,468** | (1,158) |
| Estimated third-party payor settlements | **(3,003)** | 631 |
| Self-insurance liabilities | **(173)** | (24) |
| Other current liabilities | **473** | (279) |
| Other noncurrent liabilities | **(3,601)** | 17,524 |
| Net cash provided by operating activities | **5,210** | 18,392 |
| | | |
| **Investing activities** | | |
| Purchase of property, plant, and equipment | **(2,491)** | (6,172) |
| Capital contribution to unconsolidated entities | **(280)** | (1,676) |
| Other investing activity | **(10,497)** | (1,705) |
| Net cash used in investing activities | **(13,268)** | (9,553) |
| | | |
| **Financing activities** | | |
| Repayment of long-term debt | **(2,407)** | (2,679) |
| Transfers to sponsors and other affiliates, net | **(3,801)** | (5,746) |
| Restricted contributions, investment income and other | **669** | 2,312 |
| Net cash used in financing activities | **(5,539)** | (6,113) |
| | | |
| Net (decrease) increase in cash and cash equivalents | **(13,597)** | 2,726 |
| Cash and cash equivalents at beginning of year | **20,006** | 17,280 |
| Cash and cash equivalents at end of year | $ **6,409** | $ 20,006 |

*See accompanying notes*

## 1. Organization and Mission

### Organizational Structure

Genesys Health System (GHS) is a member of Ascension Health. In December 2011, Ascension Health Alliance became the sole corporate member and parent organization of Ascension Health. Ascension Health (the System) is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 21 of the United States and the District of Columbia. In addition to serving as the sole corporate member of Ascension Health, Ascension Health Alliance serves as the member or shareholder of various other subsidiaries. Ascension Health Alliance, its subsidiaries, and the Health Ministries are referred to collectively from time to time hereafter as the System.

Ascension Health Alliance is sponsored by Ascension Health Ministries, a Public Juridic Person. The Participating Entities of Ascension Health Ministries are the Daughters of Charity of St. Vincent de Paul in the United States, St. Louise Province, the Congregation of St. Joseph, the Congregation of the Sisters of St. Joseph of Carondelet, and the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province.

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

Collective bargaining agreements cover approximately 70% of the labor force of GRMC. Employees covered by collective bargaining agreements and the respective contract expiration dates range from 2013 to 2016.

## 1. Organization and Mission (continued)

### Mission

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

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

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

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

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

## 1. Organization and Mission (continued)

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

The amount of traditional charity care provided, determined on the basis of cost, excluding the provision for bad debt expense, was approximately $7,177 and $5,087 for the years ended June 30, 2012 and 2011, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying supplementary information.

### Principles of Consolidation

All corporations and other entities for which operating control is exercised by GHS or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation.

*(Dollars in Thousands)*

## 2. Significant Accounting Policies

Investments in entities where GHS does not have operating control are recorded under the equity or cost method of accounting. For entities recorded under the equity method of accounting, the following reflects GHS's interest in unconsolidated entities in the consolidated balance sheets, as well as income or loss for such entities included in the consolidated excess (deficit) of revenues and gains over expenses and losses in the consolidated statements of operations and changes in net assets:

| | Investment Recorded in Consolidated Balance Sheets as of June 30, | | Effect on Consolidated Excess (Deficit) of Revenues and Gains over Expenses and Losses for the Years Ended June 30, | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| **Equity investment (ownership)** | | | | |
| Flint Health System MRI (33%) | $ – | $ – | $ – | $ (629) |
| Genesys PHO, LLC (50%) | **3,261** | 3,377 | **(116)** | 349 |
| Genesys Hurley Cancer Institute (50%) | **6,613** | 5,063 | **2,151** | 1,795 |
| Clarkston Health Center (50%) | **52** | 11 | **(109)** | (128) |
| Clarkston Property Associates, LLC (50%) | **(17)** | (210) | **63** | – |
| Genesys MedSports Capital, LLC (50%) | **2,356** | 2,867 | **563** | 593 |
| Genesys Orthotics & Prosthetics, LLC (50%) | **186** | 192 | **44** | 15 |
| Center for Gastrointestinal Health at Health Park, LLC (45%) | **619** | 563 | **407** | 397 |
| Surgery Center at Health Park, LLC (50%) | **(98)** | (98) | **–** | (5) |
| Cardiovascular Co-Management Co., LLC (50%) | **218** | 189 | **268** | 240 |
| Ortho/Neuro Co-Management Co., LLC (50%) | **72** | 65 | **93** | 81 |
| Surgical Co-Management Co., LLC (50%) | **202** | 198 | **150** | 160 |
| | **$ 13,464** | $ 12,217 | **$ 3,514** | $ 2,868 |

**2. Significant Accounting Policies (continued)**

**Use of Estimates**

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

**Fair Value of Financial Instruments**

Carrying value of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments classified as other than current assets and current liabilities are disclosed in Note 5.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less.

**Investments and Investment Return**

At June 30, 2011 and prior to April 2012, GHS held a significant portion of its investments through the Health System Depository (HSD), an investment pool of funds in which the System and a limited number of nonprofit health care providers participated. The HSD investments were managed primarily by external investment managers within established investment guidelines. The value of GHS's investment in the HSD represents GHS's pro rata share of the HSD's investments held for participants. At June 30, 2011, GHS's investment in the HSD was $200,404, reflected in cash and cash equivalents, assets limited as to use, and other long-term investments in the consolidated balance sheet.

**2. Significant Accounting Policies (continued)**

During the year ended June 30, 2012, the CHIMCO Alpha Fund, LLC (Alpha Fund) was created to hold primarily all investments previously held through the HSD. Catholic Healthcare Investment Management Company (CHIMCO), a tax-exempt wholly owned subsidiary of Ascension Health Alliance, acts as manager and serves as the principal investment advisor for the Alpha Fund within established investment guidelines, including socially responsible investment guidelines. In April 2012, a significant portion of the HSD's funds held for participants' investments was transferred to the Alpha Fund, in which Ascension Health Alliance has an investment interest, as a member of the Alpha Fund. Ascension Health Alliance invests funds in the Alpha Fund on behalf of GHS. As of June 30, 2012, the majority of GHS's investments historically held in the HSD are held as an interest in investments held by Ascension Health Alliance, which is reflected in the consolidated balance sheet, and represents GHS's pro rata share of Ascension Health Alliance's investment interest in the Alpha Fund.

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

GHS's investments, excluding its interest in investments held by Ascension Health Alliance, are measured at fair value and are classified as trading securities. The Alpha's Fund's and the HSD's investments, which are required to be recorded at fair value, are classified as trading securities and include pooled short-term investment funds; U.S. government, state, municipal and agency obligations; asset-backed securities; corporate and foreign fixed income maturities; and equity securities, including private equity securities. The Alpha Fund's and HSD's investments also include other alternative investments, including investments in real assets, hedge funds, private equity funds, commodity funds, and private credit funds, which are valued based on the net asset value of the investments. In addition, the Alpha Fund participates, and the HSD participated in, securities lending transactions whereby a portion of its investments is loaned to selected brokerage firms in return for cash and securities as collateral of the investments loaned.

*(Dollars in Thousands)*

**2. Significant Accounting Policies (continued)**

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns are comprised of dividends, interest, and gains and losses on Genesys investments, as well as Genesys return on its interest in investments held by Ascension Health Alliance, and are reported in nonoperating gains (losses) in the consolidated statements of operations and changes in net assets, unless the return is restricted by donor or loan.

**Inventories**

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

**Intangible Assets**

Intangible assets consist of capitalized computer software costs. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary progress stage, application or development state, or postimplementation stage. Intangible assets are included in other noncurrent assets on the consolidated balance sheets and are comprised of the following:

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Computer software costs | $ **10,199** | $ 5,401 |
| Less accumulated amortization | **(5,021)** | (3,327) |
| Total intangible assets, net | $ **5,178** | $ 2,074 |

Intangible assets with definite lives, primarily computer software costs, are amortized on a straight-line basis over their expected useful lives. Amortization expense in 2012 and 2011 was $1,694 and $965, respectively.

Multiple software in progress projects have remaining commitments of $479 as of June 30, 2012.

*(Dollars in Thousands)*

## 2. Significant Accounting Policies (continued)

### Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. A summary of property and equipment at June 30, 2012 and 2011, is as follows:

| | June 30 | |
|---|---|---|
| | **2012** | **2011** |
| Land and improvements | $ **12,462** | $ 12,489 |
| Building and equipment | **365,102** | 358,810 |
| Construction in progress | **169** | 4,876 |
| | **377,733** | 376,175 |
| Less accumulated depreciation | **(218,520)** | (209,816) |
| Total property and equipment, net | $ **159,213** | $ 166,359 |

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2012 and 2011 was $9,796 and $9,955, respectively.

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

Several capital projects have remaining construction and related equipment purchase commitments of $1,535 as of June 30, 2012.

### Temporarily and Permanently Restricted Net Assets

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

## 2. Significant Accounting Policies (continued)

### Performance Indicator

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

### Operating and Nonoperating Activities

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

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

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided, excluding the provision for bad debt expense, and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by approximately \$6,934 and \$2,361 for the years ended June 30, 2012 and 2011, respectively.

**2. Significant Accounting Policies (continued)**

During 2012 and 2011, approximately 47% and 46%, respectively, of net patient service revenue was received under the Medicare program, 11% and 11%, respectively, under various states' Medicaid programs, 20% and 19%, respectively, under Blue Cross, 10% and 16%, respectively, under health maintenance organizations and preferred provider organizations, and 12% and 8%, respectively, under other programs. GHS grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2012 and 2011, include Medicare (38% and 35%, respectively), various states' Medicaid programs (22% and 24%, respectively), Blue Cross (13% and 5%, respectively), health maintenance organizations and preferred provider organizations (8% and 10%, respectively), self pay (8% and 16%, respectively), and other (11% and 10%, respectively).

The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, GHS follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health. Accounts receivable are written off after collection efforts have been followed in accordance with GHS policies.

## 2. Significant Accounting Policies (continued)

### Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

GRMC accounts for HITECH incentive payments as a gain contingency. Income from Medicare incentive payments is recognized as revenue after GRMC has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended. GRMC recognized revenue from Medicaid incentive payments after it adopted certified EHR technology. Incentive payments totaling $1,188 for the year ended June 30, 2012, are included in total operating revenue in the accompanying consolidated statements of operations and changes in net assets. Income from Medicare incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, GRMC's compliance with the meaningful use criteria is subject to audit by the federal government.

### Impairment, Restructuring, and Nonrecurring Expenses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value.

## 2. Significant Accounting Policies (continued)

During the years ended June 30, 2012 and 2011, GHS recorded total impairment, restructuring expenses, and nonrecurring expenses of $998 and $1,365, respectively. For the year ended June 30, 2012, this amount was comprised of an asset held for sale impairment of $114. along with reorganization and severance charges of $480. Nonrecurring expenses of $404 related to the termination of an information technology service contract. For the year ended June 30, 2011, the amount $1,365 consisted of long-lived asset impairments.

### Income Taxes

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

During the year ended June 30, 2011, GHS recognized other revenue of approximately $4,600 related to medical resident Federal Insurance Contributions Act (FICA) refunds that had been remitted to the IRS during years ended prior to March 2005. Such amounts represent management's estimate of claims submitted to the IRS related to the IRS acceptance of residents' qualification as students for purposes of determining Medicare and Social Security tax.

### Regulatory Compliance

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

## 2. Significant Accounting Policies (continued)

### Reclassifications

Certain reclassifications were made to the 2011 consolidated financial statements to conform to the 2012 presentation. These reclassifications had no impact on the change in net assets previously reported.

### Adoption of New Accounting Standards

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. This ASU clarifies certain fair value measurement guidance and requires that additional fair value measurement disclosures be made. GHS adopted a portion of this guidance during the fiscal year ended June 30, 2010, and the remaining requirements as of July 1, 2011, as required. The disclosure updates adopted as of July 1, 2011 result in the provision of additional detail within the reconciliation of beginning and ending balances for assets and liabilities measured at fair value, whose fair value inputs are based on significant unobservable inputs (i.e., Level 3 assets and liabilities). These additional disclosure requirements are provided in Note 5. The adoption of this guidance did not have a material impact on GHS's consolidated financial statements for the year ended June 30, 2012.

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*. The provisions of this update require health care entities to disclose charity care based on cost measurements, defined as the direct and indirect costs of providing the charity care. GHS adopted this guidance on July 1, 2011; however, as GHS has historically used cost-based measures for the calculation and disclosure of its charity care, the adoption of this guidance did not have a material impact on GHS's consolidated financial statements for the year ended June 30, 2012.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles* (GAAP) *and International Financial Reporting Standards* (IFRS). This ASU provides clarifications to certain existing fair value measurement guidance, and includes updated guidance for certain fair value measurement principles and disclosures. GHS adopted this guidance as of January 1, 2012. The adoption of this guidance did not have a material impact on GHS's consolidated financial statements for the year ended June 30, 2012.

## 3. Discontinued Operations

Effective November 14, 2011, GRMC exited out of its outpatient physical therapy operation. Such services were provided at four distinct locations in which GRMC leased operating space along with owning the associated therapy equipment. GRMC was successful in negotiating a termination of its existing operating leases with such landlords for three locations along with entering into a sublease for the remaining lease through April 2013. The associated therapy equipment was sold to the new therapy service providers. The transaction has been accounted for as a discontinued operation in accordance with Accounting Standards Codification (ASC) Topic 205, *Presentation of Financial Statements*, in the accompanying consolidated financial statements.

Net patient service revenues and net loss for GRMC's outpatient physical therapy operations included in the results of discontinued operations for the year ended June 30, 2012, were $913 and $810, respectively, while net outpatient service revenues and net loss included in the results of discontinued operations for the year ended June 30, 2011, were $2,207 and $618, respectively.

## 4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Other Long-Term Investments, and Assets Limited as to Use

At June 30, 2012, GHS's investments are comprised of its pro rata share of Ascension Health Alliance's interest in the Alpha Funds held for participants and certain other investments, including investments held and managed by foundations. At June 30, 2011, GHS's investments were comprised of its pro rata share of the HSD's funds held for participants and certain other investments, including investment held and managed by foundations. Assets limited as to use primarily include investments restricted by donors.

*(Dollars in Thousands)*

## 4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Other Long-Term Investments, and Assets Limited as to Use (continued)

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

| | June 30 2012 | June 30 2011 |
|---|---|---|
| Cash and cash equivalents | $ 6,409 | $ 20,006 |
| Short-term investments | 500 | 500 |
| Interest in investments held by Ascension Health Alliance | 174,526 | – |
| Investments held by Health System Depository | – | 184,573 |
| Other long-term investments | 403 | 839 |
| Temporarily or permanently restricted assets limited as to use | 1,888 | 1,856 |
| Total | $ 183,726 | $ 207,774 |

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

| | June 30 2012 | June 30 2011 |
|---|---|---|
| Cash, cash equivalents, and short-term investments | $ 6,909 | $ 20,506 |
| Pledges receivable, net | 422 | 789 |
| Other long-term investments | 1,869 | 1,906 |
| Subtotal, included in cash and cash equivalents, short-term investments, assets limited to use, and other long-term investments | 9,200 | 23,201 |
| Interest in investments held by Ascension Health Alliance | 174,526 | – |
| Pro rata share of HSD funds held for participants | – | 184,573 |
| Cash and cash equivalents, short-term investments, interest in investments held by Ascension Health Alliance, assets limited as to use, and other long-term investments | $ 183,726 | $ 207,774 |

*(Dollars in Thousands)*

**4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Other Long-Term Investments, and Assets Limited as to Use (continued)**

As of June 30, 2012 and 2011, the composition of total Alpha Fund and HSD investments is as follows:

| | June 30 | |
|---|---|---|
| | **2012** | **2011** |
| Cash, cash equivalents and short-term investments, including pooled short-term investment funds | **4.7%** | 6.9% |
| U.S. government obligations | **32.1** | 27.4 |
| Asset-backed securities | **10.3** | 15.8 |
| Corporate and foreign fixed income maturities | **9.0** | 11.3 |
| Equity, private equity, and other investments | **43.9** | 38.6 |
| Total | **100.0%** | 100.0% |

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

*(Dollars in Thousands)*

## 4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, Other Long-Term Investments, and Assets Limited as to Use (continued)

Investment return recognized by GHS is summarized as follows:

| | Years Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| Return on interest in investments held by Ascension Health Alliance and investment return in HSD | $ **(4,672)** | $ 31,036 |
| Interest and dividends | **268** | 2,271 |
| Total investment return | $ **(4,404)** | $ 33,307 |
| | | |
| Investment return included in operating income | $ **223** | $ 1,467 |
| Investment return included in nonoperating (losses) gains | **(4,481)** | 31,443 |
| Increase in unrestricted net assets – other | – | 1 |
| (Decrease) increase in restricted net assets | **(146)** | 396 |
| Total investment return | $ **(4,404)** | $ 33,307 |

## 5. Fair Value Measurements

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

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

**5. Fair Value Measurements**

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

> Level 1 – Quoted prices (unadjusted) that are readily available in active markets or exchanges for identical assets or liabilities on the reporting date.
>
> Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar investments in active markets or exchanges or prices quoted for identical or similar investments in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to the determination of fair value for Level 3 assets and liabilities require management judgment and estimation.

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

**5. Fair Value Measurements (continued)**

As of June 30, 2012 and 2011, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

*Short-Term Investments*

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

*Beneficial Interest in Remainder Trust*

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

*Guaranteed Pooled Fund*

The fair value of guaranteed pooled fund investments classified as Level 3 investments is based on cost plus guaranteed annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying the annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

As discussed in the significant accounting policies and the cash and cash equivalents, interest in investments held by Ascension Health Alliance, other long term investments, and assets limited as to use notes, GHS has an interest in investments held by Ascension Health Alliance. As of June 30, 2012, 17%, 52%, and 31% of total Alpha Fund and HSD assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 0%, 100%, and 0% of total Alpha Fund and HSD liabilities that are measured at fair value on a recurring basis were measured at such fair values based on Level 1,

*(Dollars in Thousands)*

## 5. Fair Value Measurements (continued)

Level 2, and Level 3 inputs, respectively. As of June 30, 2011, 31%, 67%, and 2% of total HSD assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 1%, 84%, and 15% of total HSD liabilities that are measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively.

The following table summarizes fair value measurements, by level, at June 30, 2012, for all other financial assets and liabilities, measured at fair value on a recurring basis in GHS's consolidated financial statements:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2012** | | | | |
| Short-term investments | $ – | $ 500 | $ – | $ 500 |
| Marketable equity securities | 2 | – | – | 2 |
| Beneficial interest in remainder trusts | – | 1,539 | – | 1,539 |
| Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and other long-term investments | 2 | 2,039 | – | 2,041 |
| Deferred compensation assets, invested in: | | | | |
| Mutual funds | 733 | – | – | 733 |
| Guaranteed pooled fund | – | – | 467 | 467 |
| Subtotal included in other noncurrent assets | 733 | – | 467 | 1,200 |
| Total financial assets at fair value | $ 735 | $ 2,039 | $ 467 | $ 3,241 |

*(Dollars in Thousands)*

## 5. Fair Value Measurements (continued)

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

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

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

*(Dollars in Thousands)*

## 5. Fair Value Measurements (continued)

During the year ended June 30, 2012, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following:

| | | Deferred Comp Asset |
|---|---|---|
| **June 30, 2012** | | |
| Beginning balance | $ | – |
| Purchases | | 452 |
| Sales | | (62) |
| Transfers into Level 3 | | 81 |
| Transfers out of Level 3 | | (4) |
| Ending balance | $ | 467 |

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfer occurs.

## 6. Long-Term Debt

Long-term debt consists of the following:

| | June 30 | | | |
|---|---|---|---|---|
| | | **2012** | | **2011** |
| Intercompany debt with Ascension Health, payable in installments through November 2047; interest (3.79% and 3.88% at June 30, 2012 and 2011, respectively) adjusted based on prevailing blended market interest rate of underlying debt obligations | $ | **297,325** | $ | 299,480 |
| Genesys Convalescent Center Loan with Citizens Bank, dated June 25, 2010, two semiannual consecutive interest payments, beginning November 1, 2010; interest is calculated on unpaid principal balance at 4.5% per annum based on a year of 360 days; principal payment is due on November 1, 2011 | | – | | 245 |
| Obligations under capital leases | | **7** | | 14 |
| | | **297,332** | | 299,739 |
| Less current portion | | **2,332** | | 2,407 |
| Long-term debt, less current portion | $ | **295,000** | $ | 297,332 |

*(Dollars in Thousands)*

## 6. Long-Term Debt (continued)

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

| | | |
|---|---|---|
| Year ending June 30: | | |
| 2013 | $ | 2,332 |
| 2014 | | 4,401 |
| 2015 | | 4,533 |
| 2016 | | 3,784 |
| 2017 | | 4,664 |
| Thereafter | | 277,618 |
| Total | $ | 297,332 |

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

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

**6. Long-Term Debt (continued)**

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

The borrowing portfolio of the Senior and Subordinate Credit Group includes a combination of fixed and variable rate hospital revenue bonds, commercial paper, and other obligations, the proceeds of which are in turn loaned to the Senior and Subordinate Credit Group members subject to a long-term amortization schedule of 1 to 39 years.

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

**6. Long-Term Debt (continued)**

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

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

As of June 30, 2012, the Senior Credit Group has a line of credit of $1,000,000, which may be used as a source of funding for variable rate debt (including commenced paper) or for general corporate purposes, toward which bank commitments totaling $1,000,000 extend to November 9, 2014. As of June 30, 2012 and 2011, there were no borrowings under the line of credit.

As of June 30, 2012, the Subordinate Credit Group has a $50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $50,000 extends to December 27, 2012. As of June 30, 2012, $26,607 of letters of credit had been extended under the revolving line of credit, although there were no borrowings under any of the letters of credit.

The outstanding principal amount of all hospital revenue bonds is $4,451,285, which represents 41% of the combined unrestricted net assets of the Senior and Subordinate Credit Group members at June 30, 2012.

Guarantees are contingent commitments issued by the Senior and Subordinate Credit Groups, generally to guarantee the performance of a sponsored organization or an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and similar transactions. The term of the guarantee is equal to the term of the related debt, which can be as short as 30 days or as long as 27 years. The maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2012, is approximately $170,000.

During the years ended June 30, 2012 and 2011, interest paid was approximately $11,082 and $11,933, respectively.

## 7. Permanently Restricted Endowments

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

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

In accordance with UMIFA, GHS considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of GHS and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of GHS
(7) The investment policies of GHS

### Endowment Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires GHS to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were no deficiencies as of June 30, 2012.

## 7. Permanently Restricted Endowments (continued)

### Return Objectives and Risk Parameters

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

### Strategies Employed for Achieving Objectives

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

### Spending Policy and How the Investment Objectives Relate to Spending Policy

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

*(Dollars in Thousands)*

**7. Permanently Restricted Endowments (continued)**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2012**

| | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|
| Donor-restricted endowment funds | $ 544 | $ 534 | $ 1,078 |

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012**

| | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|
| Endowment net assets, beginning balance | $ 631 | $ 522 | $ 1,153 |
| Investment return: | | | |
| Investment income | 43 | 1 | 44 |
| Net appreciation (realized and unrealized) | (139) | – | (139) |
| Total investment return | (96) | 1 | (95) |
| Contributions | 21 | 11 | 32 |
| Appropriation of endowment assets for expenditure | (12) | – | (12) |
| Other changes: | | | |
| Transfers | – | – | – |
| Endowment net assets, ending balance | $ 544 | $ 534 | $ 1,078 |

**Endowment Net Asset Composition by Type of Fund as of June 30, 2011**

| | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|
| Donor-restricted endowment funds | $ 631 | $ 522 | $ 1,153 |

*(Dollars in Thousands)*

## 7. Permanently Restricted Endowments (continued)

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2011**

| | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|
| Endowment net assets, beginning balance | $ 450 | $ 690 | $ 1,140 |
| Investment return: | | | |
| Investment income | 55 | 1 | 56 |
| Net appreciation (realized and unrealized) | 129 | – | 129 |
| Total investment return | 184 | 1 | 185 |
| Contributions | 7 | 11 | 18 |
| Appropriation of endowment assets for expenditure | (10) | – | (10) |
| Other changes: | | | |
| Reclassifications | – | (180) | (180) |
| Endowment net assets, ending balance | $ 631 | $ 522 | $ 1,153 |

## 8. Retirement Plans

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

## 8. Retirement Plans (continued)

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

During the year ended June 30, 2012, GRMC approved and communicated to the registered professional nurses a redesign of such associates retirement benefits. The redesign affects the GRMC Pension Plan, as well as provides an enhanced comprehensive defined contribution plan. These changes will become effective August 1, 2012. Such plan modifications resulted in a curtailment credit of $1,592 being recognized within net periodic benefit cost for the year ended June 30, 2012. These changes also resulted in a one-time decrease to the projected benefit obligation of $12,146. The projected benefit obligation is included in pension liabilities in the accompanying consolidated financial statements.

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

*(Dollars in Thousands)*

## 8. Retirement Plans (continued)

The following table sets forth the benefit obligation, the assets of the GRMC Pension Plan at June 30, 2012 and 2011 (using measurement date of June 30), and components of net periodic benefit cost for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation, beginning of year | $ **450,728** | $ 460,794 |
| Service cost | **10,613** | 12,878 |
| Interest cost | **24,703** | 24,066 |
| Actuarial gain | **(1,548)** | (24,425) |
| Assumption changes | **56,942** | (3,285) |
| Curtailment | **(12,146)** | – |
| Benefits paid | **(23,642)** | (19,300) |
| Benefit obligation, end of year | **505,650** | 450,728 |
| **Change in plan assets** | | |
| Fair value of plan assets, beginning of year | **457,503** | 396,752 |
| Actual return on plan assets | **60,544** | 72,471 |
| Employer contributions | **2,114** | 7,580 |
| Benefits paid | **(23,642)** | (19,300) |
| Fair value of plan assets, end of year | **496,519** | 457,503 |
| Deposit in transit | **2,114** | – |
| Funded status and long-term pension (liability) asset | $ **(7,017)** | $ 6,775 |
| Accumulated benefit obligation at end of the year | $ **476,622** | $ 413,763 |

No plan assets are expected to be returned to GRMC during the fiscal year ended June 30, 2013.

*(Dollars in Thousands)*

### 8. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2012 and 2011, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Unrecognized prior service credit | $ 3,010 | $ 5,420 |
| Unrecognized actuarial net (loss) gain | (12,929) | 1,245 |
| | $ (9,919) | $ 6,665 |

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2012 and 2011, respectively, include:

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Current year actuarial (loss) gain | $ (17,891) | $ 67,578 |
| Amortization of actuarial loss | 3,717 | 10,695 |
| Amortization of prior service credit | (818) | (914) |
| Curtailment credit | (1,592) | (1,403) |
| | $ (16,584) | $ 75,956 |

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

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Weighted-average discount rate | 4.40% | 5.55% |
| Weighted-average rate of compensation increase | 4.00% | 4.00% |

*(Dollars in Thousands)*

## 8. Retirement Plans (continued)

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| **Components of net periodic benefit cost** | | |
| Service cost | $ **10,613** | $ 12,878 |
| Interest cost | **24,703** | 24,067 |
| Expected return on net assets | **(35,187)** | (32.604) |
| Amortization of prior service credit | **(818)** | (914) |
| Amortization of actuarial loss | **3,717** | 10,695 |
| Curtailment credit | **(1,592)** | (1,403) |
| Net periodic benefit cost | $ **1,436** | $ 12,719 |

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic benefit cost during the year ending June 30, 2013, are $500 and $10,400, respectively.

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

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Weighted-average discount rate | **5.55%** | 5.30% |
| Weighted-average rate of compensation increase | **4.00%** | 4.00% |
| Weighted-average expected long-term rate of return on plan assets | **8.50%** | 8.50% |

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

*(Dollars in Thousands)*

**8. Retirement Plans (continued)**

appropriate, provides the investment manager with specific guidelines, which include allowable and/or prohibited investment types. Ascension Health regularly monitors manager performance and compliance with investment guidelines.

As of June 30, 2012 and 2011, the fair value of the GRMC Pension Plan's assets available for benefits was $496,519 and $457,503, respectively. As discussed in Note 5, GRMC, as well as Ascension Health, are invested in the Trust, which follows a three-level hierarchy to categorize assets and liabilities measured at fair value. In accordance with this hierarchy, as of June 30, 2012, 16%, 51%, and 33% of the Trust's assets that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3 investments, respectively. With respect to the GRMC Pension Plan's liabilities measured at fair value on a recurring basis, 6%, 87%, and 7% were categorized as Level 1, Level 2, and Level 3, respectively, as of June 30, 2012. In addition, as of June 30, 2011, 27%, 45%, and 28% of the GRMC Pension Plan's assets that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively. With respect to the GRMC Pension Plan's liabilities measured at fair value on a recurring basis, 0%, 17%, and 83% were categorized as Level 1, Level 2, and Level 3, respectively, as of June 30, 2011.

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

| Asset Category | Target Allocation 2012 | Percentage of Plan Assets at Year-End 2012 | Percentage of Plan Assets at Year-End 2011 |
|---|---|---|---|
| Equity securities | 40% | **35%** | 35% |
| Fixed income | 30 | **38** | 38 |
| Alternative investments | 30 | **27** | 27 |
| Total | 100% | **100%** | 100% |

*(Dollars in Thousands)*

## 8. Retirement Plans (continued)

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

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

Information about the expected cash flows for the GRMC Pension Plan follows:

| | |
|---|---|
| Expected employer contribution 2013 | $ 8,900 |
| Expected benefit payments: | |
| 2013 | 30,100 |
| 2014 | 31,900 |
| 2015 | 33,000 |
| 2016 | 34,800 |
| 2017 | 36,200 |
| 2018–2022 | 188,000 |

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

## 8. Retirement Plans (continued)

### Ascension Health Defined Contribution Plan

GHS participates in the Ascension Health Defined Contribution Plan (the Defined Contribution Plan), a contributory and noncontributory defined contribution plan sponsored by Ascension Health that covers all eligible associates. There are three primary types of contributions to the Defined Contribution Plan: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in all employer contributions immediately. Defined contribution expense, representing both employer automatic contributions and employer matching contributions, was $4,778 and $3,931 for the years ended June 30, 2012 and 2011, respectively.

## 9. Other Postretirement Benefits

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

The GRMC Health Plan was modified effective January 1, 2011, by transferring the Technical Bargaining active participant's benefits to the Central States benefit program. GRMC is required to fund such benefits separately through operations. The GRMC Health Plan was also modified during fiscal 2012 for registered nurses retiring after December 31, 2012, who will no longer be eligible to obtain coverage under the GRMC Health Plan.

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

*(Dollars in Thousands)*

## 9. Other Postretirement Benefits (continued)

The following table sets forth the combined benefit obligation, the assets of the GRMC Health Plan at June 30, 2012 and 2011 (using measurement date of June 30), and components of net periodic benefit cost for the years then ended and a reconciliation of the amounts recognized in the consolidated financial statements.

| | Year Ended June 30 2012 | Year Ended June 30 2011 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation, beginning of year | $ 19,030 | $ 22,504 |
| Service cost | 91 | 176 |
| Interest cost | 990 | 1,123 |
| Amendments | – | (261) |
| Assumption change | 466 | (2,719) |
| Actuarial gain | (151) | (39) |
| Benefits paid | (1,810) | (1,928) |
| Federal subsidy on benefits paid | 179 | 174 |
| Benefit obligation, end of year | 18,795 | 19,030 |
| **Change in plan assets** | | |
| Fair value of plan assets, beginning of year | 21,797 | 17,952 |
| Actual return on plan assets | (349) | 3,845 |
| Employer contributions | 1,810 | 1,928 |
| Benefits paid | (1,810) | (1,928) |
| Fair value of plan assets, end of year | 21,448 | 21,797 |
| Funded status and long-term postretirement assets | $ 2,653 | $ 2,767 |

*(Dollars in Thousands)*

## 9. Other Postretirement Benefits (continued)

No plan assets are expected to be returned to GRMC during the fiscal year ended June 30, 2013.

Included in unrestricted net assets at June 30, 2012 and 2011, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Unrecognized prior service credit | $ **3,226** | $ 4,937 |
| Unrecognized net gain | **1,168** | 3,936 |
| | $ **4,394** | $ 8,873 |

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2012 and 2011, respectively, include:

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Current year actuarial (loss) gain | $ **(2,451)** | $ 4,835 |
| Amortization of actuarial gain | **(317)** | (42) |
| Current year prior service credit | **–** | 260 |
| Amortization of prior service credit | **(1,711)** | (1,692) |
| | $ **(4,479)** | $ 3,361 |

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| **Components of net periodic benefit credit** | | |
| Service cost | $ **91** | $ 176 |
| Interest cost | **990** | 1,123 |
| Expected return on net assets | **(1,678)** | (1,694) |
| Amortization of prior service credit | **(1,711)** | (1,692) |
| Amortization of actuarial gain | **(317)** | (42) |
| Net periodic benefit credit | $ **(2,625)** | $ (2,129) |

*(Dollars in Thousands)*

**9. Other Postretirement Benefits (continued)**

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

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| Weighted-average discount rate | **4.35%** | 5.45% |

The prior service credit and actuarial gain included in unrestricted net assets and expected to be recognized in net periodic pension cost during fiscal year ended June 30, 2013 is $1,700 and $25, respectively.

For measurement purposes, a 7.50% pre-65 and post-65 initial rate of increase in the per capita cost of covered health care benefits was assumed for 2012. The rate was assumed to decrease gradually to 5% by fiscal year 2023.

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

| | One Percentage Point Increase | One Percentage Point Decrease |
|---|---|---|
| Effect on total of service and interest cost components | **$ (23)** | $ 19 |

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

| | June 30 | |
|---|---|---|
| | **2012** | **2011** |
| Weighted-average discount rate | **5.45%** | 5.15% |
| Weighted-average expected long-term rate of return on plan assets | **7.50%** | 7.75% |

*(Dollars in Thousands)*

**9. Other Postretirement Benefits (continued)**

As of June 30, 2012 and 2011, the fair value of the GRMC Health Plan's assets available for benefits was $21,448 and $21,797, respectively. As discussed in the Note 5, GRMC, as well as Ascension Health, follows a three-level hierarchy to categorize assets and liabilities measured at fair value. In accordance with this hierarchy, as of June 30, 2012, 11%, 68%, and 21% of the GRMC Health Plan's assets that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3 investments, respectively, while 55%, 0%, and 45% of the GRMC Health Plan's liabilities that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively. As of June 30, 2011, 35%, 50%, and 15% of the GRMC Health Plan's assets that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3 investments, respectively, while 13%, 0%, and 87% of the GRMC Health Plan's liabilities that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively.

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

| | | |
|---|---|---|
| Expected employer contribution 2013 | | $ 1,476 |

| | Gross | Expected Federal Subsidy |
|---|---|---|
| Expected benefit payments: | | |
| FY 2013 | $ 1,670 | $ 194 |
| FY 2014 | 1,625 | 221 |
| FY 2015 | 1,648 | 242 |
| FY 2016 | 1,651 | 267 |
| FY 2017 | 1,654 | 295 |
| FY 2018–2022 | 7,885 | 2,007 |

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

## 10. Self-Insurance Programs

GHS participates in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at 6% in 2012 and 2011. In the event that sufficient funds are not available from the self-insurance programs, each participating entity may be assessed its pro rata share of the deficiency. If contributions exceed the losses paid, the excess may be returned to participating entities.

### Professional and General Liability Programs

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

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is general and professional liability expense of $2,001 and $2,262 for the years ended June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, the general and professional liability reserves included in self-insurance liabilities (current and long-term) in the accompanying consolidated balance sheets were $6,223 and $6,399, respectively.

*(Dollars in Thousands)*

### 10. Self-Insurance Programs (continued)

#### Workers' Compensation

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

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of $2,013 and $1,948 for the years ended June 30, 2012 and 2011, respectively

### 11. Lease Commitments

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

| | | |
|---|---|---|
| Year ending June 30: | | |
| 2013 | $ | 5,806 |
| 2014 | | 5,434 |
| 2015 | | 3,555 |
| 2016 | | 633 |
| 2017 | | 96 |
| Total | $ | 15,524 |

Rental expense under operating leases amounted to $7,563 and $7,747 in 2012 and 2011, respectively.

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

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

*(Dollars in Thousands)*

## 11. Lease Commitments (continued)

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

| | | |
|---|---|---|
| Year ending June 30: | | |
| 2013 | $ | 1,325 |
| 2014 | | 1,351 |
| 2015 | | 1,269 |
| 2016 | | 1,275 |
| 2017 | | 1,305 |
| Total | $ | 6,525 |

During the year ended June 30, 2011, GHS sold a medical office building to a third party and contemporaneously leased back certain space in the building to support ongoing ministry operations for a period of five years. These space leases are being accounted for as operating leases based on the terms of the lease, and future minimum lease payments under this lease are included in the amounts reported above. The building sale was accounted for as sale-leaseback transaction, and as such, certain gains on the sale were deferred. As of June 30, 2012 and 2011, net deferred gain of $211 and $275, respectively, was included in other noncurrent liabilities in the accompanying consolidated balance sheets. The gain is being recognized as operating income over the related leaseback terms.

## 12. Related-Party Transactions

GHS utilized various centralized programs and overhead services of Ascension Health or its other sponsored organizations, including risk management, retirement services, treasury, debt management, executive management support, administrative services, and information technology services. The charges allocated to GHS for these services represent both allocations of common costs and specifically identified expenses that are incurred by Ascension Health on behalf of GHS. Allocations are based on relevant metrics such as GHS's pro rata share of revenues, certain costs, debt, or investments to the consolidated totals of Ascension Health. The amounts charged to GHS for these services may not necessarily result in the net costs that would be incurred by GHS on a stand-alone basis. The charges allocated to GHS were approximately $3,083 and $3,038 for the years ended June 30, 2012 and 2011, respectively.

*(Dollars in Thousands)*

**12. Related-Party Transactions (continued)**

In addition to the charges discussed above, GHS made payments to the System of $3,505 for the year ended June 30, 2012, representing GHS's share of costs to fund a System-wide information technology and process standardization project that is expected to continue through December 2014. These payments are included as transfers to sponsor and other affiliates, net, in the accompanying consolidated statements of operation and changes in net assets.

GHS incurred expense with various Ascension Health-related parties that pertained to medical equipment maintenance and information technology services. These expenses amounted to $25,417 and $23,102 for the years ended June 30, 2012 and 2011, respectively.

GHS transferred cash and investments of $3,801 and $5,745 to Ascension Health for the years ended June 30, 2012 and 2011, respectively, in support of Ascension Health's strategic initiatives.

GHS recognized revenue and expense with various equity-based investments as follows:

| Year Ended June 30 | | | |
|---|---|---|---|
| 2012 | | 2011 | |
| Revenue | Expense | Revenue | Expense |
| $ – | $ – | $ 33 | $ 335 |
| 5 | 1,798 | 5 | 1,391 |
| 1,047 | 110 | 1,038 | 126 |
| 14 | – | 15 | – |
| 8 | 157 | 8 | 158 |
| – | 2,696 | – | 2,637 |
| 153 | 366 | 188 | 324 |
| 267 | 1,635 | 240 | 1,462 |
| 93 | 960 | 82 | 947 |
| 151 | 1,638 | 160 | 1,602 |
| $ 1,738 | $ 9,360 | $ 1,769 | $ 8,982 |

**13. Contingencies and Commitments**

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

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with the national coverage criteria. In connection with this nationwide review, GHS will be reviewing applicable medical records for response to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending trough the present time. At June 30, 2012 and through September 15, 2012, the review remains ongoing. As such, no estimates of liability have been or can be reached relative to the impact this investigation could have on GHS. Through September 15, 2012, the DOJ has not asserted any claims against GHS. Ascension Health and GHS continue to fully cooperate with the DOJ in its investigation.

GHS is participating in a CMS Pioneer Accountable Care Organization (ACO) through the Genesys Physician Hospital Organization (GPHO). The GPHO has entered in to a contract with CMS effective January 1, 2012, in which, GHS strives to lead the way toward health care transformation. The Accountable Care model is focused on achieving the Institute for Healthcare Improvement's Triple Aim outcomes, which include the following: improve population health, improve the experience of health care for all, and contain health care costs. The Pioneer ACO contract has performance options that include both quality and financial incentives/disincentives.

## 14. Subsequent Events

GHS evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended June 30, 2012, GHS evaluated subsequent events through September 27, 2012, representing the date on which the accompanying audited consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements, except that GHS entered into a seven-year property lease for 17,130 square feet of medical office space in the city of Flint on July 31, 2012. In addition, the Board of Trustees approved the structure of the new Ascension Health Michigan Regional Home Care Company on August 1, 2012, and authorized the merger of the Genesys Home Care Division into the Ascension Michigan Parent Company.

# Supplementary Information

# Report of Independent Auditors on Supplementary Information

The Board of Trustees
Genesys Health System

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating balance sheets, consolidating statements of operations and changes in net assets, and schedule of net cost of providing care of persons living in poverty and community benefit programs are presented for purposes of additional analysis and are 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 records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst + Young LLP

September 27, 2012

Genesys Health System

## Consolidating Balance Sheet

*(Dollars in Thousands)*

June 30, 2012

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash and cash equivalents | $ 6,409 | $ – | $ 3,545 | $ 439 | $ 84 | $ 668 | $ 173 | $ 603 | $ 38 | $ 507 | $ 59 | $ 293 |
| Short-term investments | 500 | – | – | – | – | 500 | – | – | – | – | – | – |
| Interest in investments held by Ascension Health Alliance | 984 | – | (414) | – | (351) | – | – | (47) | 356 | (2) | 66 | 1,379 |
| Accounts receivable, less allowances | | | | | | | | | | | | |
| for uncollectible accounts | 56,917 | – | 50,058 | 1,155 | 153 | – | 1,374 | – | – | 2,066 | 33 | 2,078 |
| Estimated third-party payor settlements | 6,417 | – | 6,417 | – | – | – | – | – | – | – | – | – |
| Inventories | 5,970 | – | 4,749 | – | – | 23 | 1,169 | – | – | – | – | 29 |
| Other | 17,043 | (5,280) | 21,092 | 23 | 887 | 561 | 142 | 227 | (741) | 15 | 62 | 55 |
| Total current assets | 94,240 | (5,280) | 85,447 | 1,617 | 770 | 1,752 | 2,858 | 783 | (347) | 2,586 | 220 | 3,834 |
| Assets limited as to use and other long-term investments | 2,291 | – | 327 | – | – | – | – | – | 1,962 | – | 2 | – |
| Interest in investments held by Ascension Health Alliance | 173,542 | – | 132,508 | – | – | – | – | 10,473 | 5,085 | 9,742 | – | 15,734 |
| Total investments | 175,833 | – | 132,835 | – | – | – | – | 10,473 | 7,047 | 9,742 | 2 | 15,734 |
| Property and equipment, net | 1,592,213 | – | 155,984 | 10 | 325 | 269 | 226 | – | 43 | 1,644 | 51 | 661 |
| Other assets | | | | | | | | | | | | |
| Investment in unconsolidated entities | 13,464 | (4,241) | 491 | – | 4,240 | 2,862 | 185 | 9,927 | – | – | – | – |
| Notes and other receivables | 4,034 | (274) | 4,308 | – | – | – | – | – | – | – | – | – |
| Other | 16,576 | – | 16,576 | – | – | – | – | – | – | – | – | – |
| Total other assets | 34,074 | (4,515) | 21,375 | – | 4,240 | 2,862 | 185 | 9,927 | – | – | – | – |
| Total assets | $ 463,360 | $ (9,795) | $ 395,641 | $ 1,627 | $ 5,335 | $ 4,883 | $ 3,269 | $ 21,183 | $ 6,743 | $ 13,972 | $ 273 | $ 20,229 |

*(Continued on next page)*

# Genesys Health System

## Consolidating Balance Sheet (continued)

*(Dollars in Thousands)*

June 30, 2012

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities and net assets** | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Current portion of long-term debt | $ 2,332 | $ – | $ 2,313 | $ – | $ 8 | $ – | $ – | $ | $ – | $ – | $ – | $ 11 |
| Accounts payable and accrued liabilities | 54,638 | (5,280) | 49,993 | 3,069 | 749 | 1,767 | 1,013 | 7 | 1,069 | 885 | 56 | 1,310 |
| Estimated third-party payor settlements | 7,965 | – | 7,965 | | | | | | | | | |
| Current portion of self-insurance liabilities | 2,730 | – | 2,730 | | – | – | – | – | – | – | – | – |
| Other | 734 | – | 734 | – | – | – | – | – | – | – | – | – |
| Total current liabilities | 68,399 | (5,280) | 63,735 | 3,069 | 757 | 1,767 | 1,013 | 7 | 1,069 | 885 | 56 | 1,321 |
| Noncurrent liabilities | | | | | | | | | | | | |
| Net long-term debt | 295,000 | – | 293,250 | – | 997 | – | – | – | – | – | – | 753 |
| Self-insurance liabilities | 3,495 | – | 3,200 | 75 | 65 | 18 | 19 | – | – | 63 | 6 | 49 |
| Pension liabilities | 7,094 | – | 7,094 | – | – | – | – | – | – | – | – | – |
| Other | 6,380 | – | 5,918 | – | 40 | 409 | – | – | – | – | 13 | – |
| Total noncurrent liabilities | 311,969 | – | 309,462 | 75 | 1,102 | 427 | 19 | – | – | 63 | 19 | 802 |
| Total liabilities | 380,368 | (5,280) | 373,197 | 3,144 | 1,859 | 2,194 | 1,032 | 7 | 1,069 | 948 | 75 | 2,123 |
| Net assets | | | | | | | | | | | | |
| Unrestricted (deficit) | 78,463 | (4,241) | 22,444 | (1,517) | 3,476 | 2,689 | 2,237 | 21,176 | 871 | 13,024 | 198 | 18,106 |
| Temporarily restricted | 3,995 | (274) | – | – | – | – | – | – | 4,269 | – | – | – |
| Permanently restricted | 534 | – | – | – | – | – | – | – | 534 | – | – | – |
| Total net assets | 82,992 | (4,515) | 22,444 | (1,517) | 3,476 | 2,689 | 2,237 | 21,176 | 5,674 | 13,024 | 198 | 18,106 |
| Total liabilities and net assets | $ 463,360 | $ (9,795) | $ 395,641 | $ 1,627 | $ 5,335 | $ 4,883 | $ 3,269 | $ 21,183 | $ 6,743 | $ 13,972 | $ 273 | $ 20,229 |

# Genesys Health System

## Consolidating Balance Sheet
*(Dollars in Thousands)*

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Bullenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash and cash equivalents | $ 20,006 | $ – | $ 14,950 | $ 354 | $ (34) | $ 586 | $ 269 | $ 541 | $ 916 | $ 1,013 | $ 64 | $ 1,327 |
| Short-term investments | 500 | – | – | – | – | 500 | – | – | – | – | – | – |
| Accounts receivable less allowances | | | | | | | | | | | | |
| for uncollectible accounts | 47,226 | – | 41,717 | 559 | 311 | – | 1,265 | – | – | 1,909 | 28 | 1,437 |
| Estimated third-party payor settlements | 4,930 | – | 4,930 | – | – | – | – | – | – | – | – | – |
| Inventories | 5,559 | – | 4,691 | – | – | 27 | 814 | – | – | – | – | 27 |
| Assets held for sale | 506 | – | 204 | – | 302 | – | – | – | – | – | – | – |
| Other | 8,388 | (4,352) | 11,491 | – | 1,322 | 493 | 132 | 2 | (965) | 99 | 90 | 76 |
| Total current assets | 87,115 | (4,352) | 77,983 | 913 | 1,901 | 1,606 | 2,500 | 543 | (49) | 3,021 | 182 | 2,867 |
| Assets limited as to use and | | | | | | | | | | | | |
| other long-term investments | 187,268 | – | 144,285 | – | – | – | – | 10,482 | 7,447 | 9,922 | 2 | 15,130 |
| Property and equipment, net | 166,359 | – | 163,006 | 41 | 440 | 300 | 110 | – | 48 | 1,616 | 38 | 730 |
| Other assets | | | | | | | | | | | | |
| Investment in unconsolidated entities | 12,217 | (4,241) | 453 | – | 4,241 | 3,123 | 191 | 8,450 | – | – | – | – |
| Notes and other receivables | 14,657 | (289) | 14,946 | – | – | – | – | – | – | – | – | – |
| Other | 15,356 | – | 15,356 | – | – | – | – | – | – | – | – | – |
| Total other assets | 42,230 | (4,530) | 30,755 | – | 4,241 | 3,123 | 191 | 8,450 | – | – | – | – |
| Total assets | $ 482,972 | $ (8,882) | $ 416,029 | $ 954 | $ 6,582 | $ 5,029 | $ 2,801 | $ 19,475 | $ 7,446 | $ 14,589 | $ 222 | $ 18,727 |

*(Continued on next page)*

# Genesys Health System

## Consolidating Balance Sheet (continued)

*(Dollars in Thousands)*

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Liabilities and net assets | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Current portion of long-term debt | $ 2,407 | $ – | $ 2,142 | $ – | $ 7 | $ – | $ 1 | $ – | $ – | $ 245 | $ – | $ 12 |
| Accounts payable and accrued liabilities | 45,690 | (4,352) | 39,533 | 2,565 | 1,302 | 1,716 | 534 | 114 | 1,145 | 1,316 | 56 | 1,761 |
| Estimated third party payor settlements | 10,968 | – | 10,968 | | | | | | | | | |
| Current portion of self-insurance liabilities | 2,743 | – | 2,743 | – | – | – | | – | – | – | – | – |
| Other | 261 | – | 261 | – | – | – | – | – | – | – | – | – |
| Total current liabilities | 62,069 | (4,352) | 55,647 | 2,565 | 1,309 | 1,716 | 535 | 114 | 1,145 | 1,561 | 56 | 1,773 |
| Noncurrent liabilities | | | | | | | | | | | | |
| Long-term debt | 297,332 | – | 295,561 | – | 1,005 | – | 1 | – | – | – | – | 765 |
| Self-insurance liabilities | 3,655 | – | 3,351 | 98 | 45 | 18 | 32 | – | – | 61 | 3 | 47 |
| Pension liabilities | 69 | – | 69 | – | – | – | – | – | – | – | – | – |
| Other | 9,981 | – | 9,550 | – | 23 | 395 | – | – | – | – | 13 | – |
| Total noncurrent liabilities | 311,037 | – | 308,531 | 98 | 1,073 | 413 | 33 | – | – | 61 | 16 | 812 |
| Total liabilities | 373,106 | (4,352) | 364,178 | 2,663 | 2,382 | 2,129 | 568 | 114 | 1,145 | 1,622 | 72 | 2,585 |
| Net assets | | | | | | | | | | | | |
| Unrestricted (deficit) | 104,791 | (4,241) | 51,851 | (1,709) | 4,200 | 2,900 | 2,233 | 19,361 | 937 | 12,967 | 150 | 16,142 |
| Temporarily restricted | 4,553 | (289) | – | – | – | – | – | – | 4,842 | – | – | – |
| Permanently restricted | 522 | – | | – | – | – | – | – | 522 | – | – | – |
| Total net assets | 109,866 | (4,530) | 51,851 | (1,709) | 4,200 | 2,900 | 2,233 | 19,361 | 6,301 | 12,967 | 150 | 16,142 |
| Total liabilities and net assets | $ 482,972 | $ (8,882) | $ 416,029 | $ 954 | $ 6,582 | $ 5,029 | $ 2,801 | $ 19,475 | $ 7,446 | $ 14,589 | $ 222 | $ 18,727 |

# Genesys Health System

## Consolidating Statement of Operations and Changes in Net Assets

*(Dollars in Thousands)*

Year Ended June 30, 2012

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | | | | | | | |
| Net patient service revenue | $ 451,484 | $ (201) | $ 414,749 | $ 3,871 | $ 1,156 | $ – | $ 5,467 | $ – | $ – | $ 10,827 | $ 651 | $ 14,964 |
| Capitation revenue | 67 | – | 52 | 15 | – | – | – | – | – | – | – | – |
| Other revenue | 15,272 | – | 7,088 | 1,255 | 199 | 6,306 | 20 | – | 222 | 83 | 58 | 41 |
| Income from unconsolidated entities | 2,888 | – | 509 | – | – | 408 | 44 | 1,927 | – | – | – | – |
| Net assets released from restrictions for operations | 270 | – | 216 | – | – | – | – | – | 16 | 6 | 4 | 28 |
| Total operating revenue | 469,981 | (201) | 422,614 | 5,141 | 1,355 | 6,714 | 5,531 | 1,927 | 238 | 10,916 | 713 | 15,033 |
| **Operating expenses** | | | | | | | | | | | | |
| Salaries and wages | 207,620 | – | 151,559 | 5,734 | 1,071 | 2,243 | 2,078 | – | 2 | 6,427 | 415 | 8,091 |
| Employee benefits | 48,993 | – | 44,141 | 703 | 190 | 142 | 592 | – | 5 | 1,400 | 122 | 1,698 |
| Purchased services | 38,582 | – | 37,837 | 295 | 39 | 162 | 33 | – | – | 159 | – | 57 |
| Professional fees | 41,438 | – | 39,958 | 295 | 213 | 14 | 52 | 19 | 1 | 130 | 22 | 704 |
| Supplies | 65,874 | (201) | 63,777 | 158 | 82 | 217 | 168 | – | 2 | 1,121 | 45 | 505 |
| Insurance | 2,824 | – | 2,301 | 102 | 115 | 66 | 32 | 5 | – | 93 | 21 | 89 |
| Bad debts | 6,740 | – | 5,749 | 115 | 87 | 42 | 87 | – | – | 540 | 1 | 119 |
| Interest | 11,082 | – | 11,012 | – | 37 | – | 1 | – | – | 4 | – | 28 |
| Depreciation and amortization | 11,490 | – | 10,937 | 17 | 115 | 65 | 17 | – | – | 196 | 21 | 122 |
| Other | 29,056 | – | 19,282 | 559 | 797 | 3,962 | 2,467 | (161) | 197 | 560 | 52 | 1,341 |
| Total operating expenses before impairment, restructuring, and nonrecurring gains (losses) | 463,699 | (201) | 416,553 | 7,978 | 2,746 | 6,943 | 5,527 | (137) | 207 | 10,630 | 699 | 12,754 |
| Income (loss) from operations before impairment, restructuring, and nonrecurring gains (losses) | 6,282 | – | 6,061 | (2,837) | (1,391) | (229) | 4 | 2,064 | 31 | 286 | 14 | 2,279 |
| Impairment and nonrecurring gains (losses), net | (998) | – | (998) | – | – | – | – | – | – | – | – | – |
| Income (loss) from operations | 5,284 | – | 5,063 | (2,837) | (1,391) | (229) | 4 | 2,064 | 31 | 286 | 14 | 2,279 |
| Nonoperating (losses) gains | | | | | | | | | | | | |
| Investment return | (4,481) | – | (3,687) | – | – | 2 | – | (248) | 18 | (229) | 1 | (338) |
| Income from unconsolidated entities | 626 | – | – | – | – | 626 | – | – | – | – | – | – |
| Other | (1,937) | – | (996) | – | (46) | – | – | – | (896) | – | – | 1 |
| Total nonoperating (losses) gains, net | (5,792) | – | (4,683) | – | (46) | 628 | – | (248) | (878) | (229) | 1 | (337) |
| (Deficit) excess of revenue and gains over expenses and losses | (508) | – | 380 | (2,837) | (1,437) | 399 | 4 | 1,816 | (847) | 57 | 15 | 1,912 |

*(Continued on next page)*

## Genesys Health System

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

*(Dollars in Thousands)*

Year Ended June 30, 2012

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Unrestricted net assets** | | | | | | | | | | | | |
| (Deficit) excess of revenues and gains over expenses and losses | $ (508) | $ – | $ 380 | $ (2,837) | $ (1,437) | $ 399 | $ 4 | $ 1,816 | $ (847) | $ 57 | $ 15 | $ 1,942 |
| Pension and other postretirement liability adjustments | (21,070) | – | (21,070) | – | – | – | – | – | – | – | – | – |
| Transfer (to) from sponsor and other affiliates, net | (3,801) | – | (8,364) | 3,028 | 713 | – | – | – | 822 | – | – | – |
| Net assets released from restrictions for property acquisitions | 471 | – | 449 | – | – | – | – | – | – | – | – | 22 |
| Change in share of investee's net assets | (609) | – | – | – | – | (609) | – | – | | – | – | – |
| Other | – | – | 9 | 1 | – | (1) | – | (1) | (41) | – | 33 | – |
| (Decrease) increase in unrestricted net assets before loss from discontinued operations | (25,517) | – | (28,596) | 192 | (724) | (211) | 4 | 1,815 | (66) | 57 | 48 | 1,964 |
| Loss from discontinued operations | (811) | – | (811) | – | – | – | – | – | – | – | – | – |
| (Decrease) increase in unrestricted net assets | (26,328) | – | (29,407) | 192 | (724) | (211) | 4 | 1,815 | (66) | 57 | 48 | 1,964 |
| **Temporarily restricted net assets** | | | | | | | | | | | | |
| Contributions and grants | 330 | – | 650 | – | – | – | – | – | (380) | 6 | 4 | 50 |
| Net change in unrealized gains/losses on investments | (237) | – | – | – | – | – | – | – | (237) | – | – | – |
| Investment return | 90 | 15 | 15 | – | – | – | – | – | 60 | – | – | – |
| Net assets released from restrictions | (741) | – | (665) | – | – | – | – | – | (16) | (6) | (4) | (50) |
| Decrease in temporarily restricted net assets | (558) | 15 | – | – | – | – | – | – | (573) | – | – | – |
| **Permanently restricted net assets** | | | | | | | | | | | | |
| Contributions | 11 | – | – | – | – | – | – | – | 11 | – | – | – |
| Investment return | 1 | – | – | – | – | – | – | – | 1 | – | – | – |
| Increase in permanently restricted net assets | 12 | – | – | – | – | – | – | – | 12 | – | – | – |
| (Decrease) increase in net assets | (26,874) | 15 | (29,407) | 192 | (724) | (211) | 4 | 1,815 | (627) | 57 | 48 | 1,964 |
| Net assets, beginning of the year | 109,866 | (4,530) | 51,851 | (1,709) | 4,200 | 2,900 | 2,233 | 19,361 | 6,301 | 12,967 | 150 | 16,142 |
| Net assets, end of the year | $ 82,992 | $ (4,515) | $ 22,444 | $ (1,517) | $ 3,476 | $ 2,689 | $ 2,237 | $ 21,176 | $ 5,674 | $ 13,024 | $ 198 | $ 18,106 |

Genesys Health System

## Consolidating Statement of Operations and Changes in Net Assets
*(Dollars in Thousands)*

Year Ended June 30, 2011

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenue** | | | | | | | | | | | | |
| Net patient service revenue | $ 158,537 | $ (196) | $ 422,524 | $ 3,282 | $ 1,063 | $ – | $ 5,220 | $ – | $ – | $ 11,562 | $ 638 | $ 14,444 |
| Capitation revenue | 113 | – | 64 | 49 | – | – | – | – | – | – | | – |
| Other revenue | 14,371 | – | 6,467 | 1,202 | 231 | 5,793 | 20 | – | 447 | 94 | 80 | 37 |
| Income from unconsolidated entities | 2,275 | – | 482 | – | – | 392 | 14 | 1,387 | – | – | – | – |
| Net assets released from restrictions for operations | 365 | – | 293 | 4 | – | – | – | – | 28 | – | 9 | 31 |
| Total operating revenue | 475,661 | (196) | 429,830 | 4,537 | 1,294 | 6,185 | 5,254 | 1,387 | 475 | 11,656 | 727 | 14,512 |
| **Operating expenses** | | | | | | | | | | | | |
| Salaries and wages | 202,892 | – | 178,999 | 3,957 | 1,012 | 2,061 | 1,907 | – | 10 | 6,504 | 420 | 7,992 |
| Employee benefits | 52,640 | – | 47,666 | 600 | 230 | 99 | 560 | – | (5) | 1,506 | 104 | 1,880 |
| Purchased services | 32,385 | – | 31,712 | 249 | 36 | 158 | 20 | – | – | 161 | – | 49 |
| Professional fees | 11,861 | – | 40,479 | 265 | 210 | 92 | 24 | 19 | 1 | 121 | 36 | 614 |
| Supplies | 69,405 | (196) | 67,145 | 231 | 116 | 191 | 152 | – | – | 1,177 | 43 | 546 |
| Insurance | 2,893 | – | 2,392 | 127 | 82 | 54 | 52 | 5 | – | 87 | 16 | 78 |
| Bad debts | 16,218 | – | 15,354 | 163 | 230 | 36 | 77 | – | – | 234 | – | 124 |
| Interest | 11,933 | – | 11,845 | – | 41 | – | 1 | – | – | 16 | – | 30 |
| Depreciation and amortization | 10,933 | – | 10,261 | 46 | 143 | 109 | 16 | – | – | 200 | 21 | 137 |
| Other | 30,585 | – | 20,092 | 655 | 1,720 | 3,963 | 2,274 | (31) | 347 | 517 | 54 | 994 |
| Total operating expenses before impairment, restructuring, and nonrecurring gains (losses) | 471,745 | (196) | 425,945 | 6,293 | 3,850 | 6,763 | 5,083 | (7) | 353 | 10,523 | 694 | 12,444 |
| Income (loss) from operations, before impairment, restructuring, and nonrecurring gains (losses) | 3,916 | – | 3,885 | (1,756) | (2,556) | (578) | 171 | 1,394 | 122 | 1,133 | 33 | 2,068 |
| Impairment, restructuring, and nonrecurring gains (losses), net | (1,365) | – | (805) | – | (560) | – | – | – | – | – | – | – |
| Income from operations | 2,551 | – | 3,080 | (1,756) | (3,116) | (578) | 171 | 1,394 | 122 | 1,133 | 33 | 2,068 |
| Nonoperating gains (losses) | | | | | | | | | | | | |
| Investment income | 31,443 | – | 27,368 | – | – | 2 | – | 1,051 | 333 | 1,031 | – | 1,658 |
| Income from unconsolidated entities | 593 | – | – | – | – | 593 | – | – | – | – | – | – |
| Other | 143 | – | 917 | – | 1 | (1) | – | – | (775) | – | – | 1 |
| Total nonoperating gains (losses) | 32,179 | – | 28,285 | – | 1 | 594 | – | 1,051 | (442) | 1,031 | – | 1,659 |
| Excess (deficit) of revenue and gains over expenses and losses | 34,730 | – | 31,365 | (1,756) | (3,115) | 16 | 171 | 2,445 | (320) | 2,164 | 33 | 3,727 |

*(Continued on next page)*

# Genesys Health System

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

*(Dollars in Thousands)*

Year Ended June 30, 2011

| | Consolidated Balance | Consolidating Adjustments | GRMC Obligated Group | Genesys Practice Partners | Genesys Ambulatory Health Services | Beecher Ballenger Services | Genesys Health Enterprises | Genesys Community Partners | Genesys Health Foundation | Genesys Convalescent Center | Center for Gerontology | Genesys Home Health & Hospice |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Unrestricted net assets** | | | | | | | | | | | | |
| Excess (deficit) of revenues and gains over expenses and losses | $ 34,730 | $ – | $ 31,365 | $ (1,756) | $ (3,115) | $ 16 | $ 171 | $ 2,445 | $ (320) | $ 2,164 | $ 33 | $ 3,727 |
| Pension and other postretirement liability adjustments | 79,318 | – | 79,318 | – | – | – | – | – | – | – | – | – |
| Transfer (to) from sponsor and other affiliates, net | (5,745) | – | (25,801) | – | 19,672 | – | – | – | 384 | – | – | – |
| Net assets released from restrictions for property acquisitions | 768 | – | 768 | – | – | – | – | – | – | – | – | – |
| Other | (1,575) | – | 20 | 2 | 2 | – | – | 1 | (1,600) | – | 1 | (1) |
| Increase (decrease) in unrestricted net assets before loss from discontinued operations | 107,496 | – | 85,670 | (1,754) | 16,559 | 16 | 171 | 2,446 | (1,536) | 2,164 | 34 | 3,726 |
| Loss from discontinued operations | (614) | – | (614) | – | – | – | – | – | – | – | – | – |
| Increase (decrease) in unrestricted net assets | 106,882 | – | 85,056 | (1,754) | 16,559 | 16 | 171 | 2,446 | (1,536) | 2,164 | 34 | 3,726 |
| **Temporarily restricted net assets** | | | | | | | | | | | | |
| Contributions and grants | 569 | – | 1,061 | 4 | – | – | – | – | (536) | – | 9 | 31 |
| Net change in unrealized gains/losses on investments | 240 | – | – | – | – | – | – | – | 240 | – | – | – |
| Investment income | 155 | 43 | – | – | – | – | – | – | 112 | – | – | – |
| Net assets released from restrictions | (1,133) | – | (1,061) | (4) | – | – | – | – | (28) | – | (9) | (31) |
| Other | 1,756 | – | – | – | – | | – | – | 1,756 | – | – | – |
| Increase in temporarily restricted net assets | 1,587 | 43 | – | – | – | – | – | – | 1,544 | – | – | – |
| **Permanently restricted net assets** | | | | | | | | | | | | |
| Contributions | 12 | – | – | – | – | – | – | – | 12 | – | – | – |
| Investment return | 1 | – | – | – | – | – | – | – | 1 | – | – | – |
| Other | (180) | – | – | – | – | – | – | – | (180) | – | – | – |
| Decrease in permanently restricted net assets | (167) | – | – | – | – | – | – | – | (167) | – | – | – |
| Increase (decrease) in net assets | 108,302 | 43 | 85,056 | (1,754) | 16,559 | 16 | 171 | 2,446 | (159) | 2,164 | 34 | 3,726 |
| Net assets, beginning of the year | 1,564 | (4,573) | (33,205) | 45 | (12,359) | 2,884 | 2,062 | 16,915 | 6,460 | 10,803 | 116 | 12,416 |
| Net assets, end of the year | $ 109,866 | $ (4,530) | $ 51,851 | $ (1,709) | $ 4,200 | $ 2,900 | $ 2,233 | $ 19,361 | $ 6,301 | $ 12,967 | $ 150 | $ 16,142 |

Genesys Health System

Schedule of Net Cost of Providing Care of Persons
Living in Poverty and Community Benefit Programs
*(Dollars in Thousands)*

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

| | Year Ended June 30 2012 | 2011 |
|---|---|---|
| Traditional charity care provided | $ 7,177 | $ 5,087 |
| Unpaid cost of public programs for persons living in poverty | 10,926 | 18,160 |
| Other programs for persons living in poverty and other vulnerable persons | 107 | 246 |
| Community benefit programs | 16,264 | 16,037 |
| Care of persons living in poverty and community benefit programs | $ 34,474 | $ 39,530 |