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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

<b>A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012</b>			
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization GENESIS HEALTH SYSTEM		<b>D</b> Employer identification number 42-1418847
	Doing Business As		<b>E</b> Telephone number (563) 421-6508
	Number and street (or P O box if mail is not delivered to street address) 1227 E RUSHOLME	Room/suite	<b>G</b> Gross receipts \$ 500,375,532
	City or town, state or country, and ZIP + 4 DAVENPORT, IA 528032498		
	<b>F</b> Name and address of principal officer MARK G ROGERS 1227 E RUSHOLME DAVENPORT, IA 528032498		
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶	
<b>J</b> Website: ▶ WWW.GENESISHEALTH.COM			
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation 1994
			<b>M</b> State of legal domicile IA

Part I		Summary	
Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities GENESIS HEALTH SYSTEM EXISTS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED    		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	18
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	9
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . .	<b>5</b>	4,642
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	840
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . .	<b>7a</b>	1,842,141
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . .	<b>7b</b>	6,688
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	3,964,542	5,572,279
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	429,053,689	439,256,448
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,986,368	8,889,003
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	5,725,735	4,797,192
		446,730,334	458,514,922
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . .	2,535,350	2,524,001
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	224,745,550	226,001,561
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	207,906,251	216,377,085
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	435,187,151	444,902,647
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .	11,543,183	13,612,275
	Net Assets or Fund Balances		<b>Beginning of Current Year</b>
<b>20</b> Total assets (Part X, line 16) . . . . .		566,049,515	580,466,570
<b>21</b> Total liabilities (Part X, line 26) . . . . .		154,288,577	172,179,911
<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .		411,760,938	408,286,659

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	<div>*****</div> <div>Signature of officer</div>				<div>2013-02-26</div> <div>Date</div>	
	<div>MARK G ROGERS VICE PRESIDENT, FINANCE/CFO</div> <div>Type or print name and title</div>					
Paid Preparer's Use Only	<div>Preparer's signature</div> <div>JOHN J ROMANO</div>		<div>Date</div>		<div>Check if self-employed</div> <div><input type="checkbox"/></div>	
	<div>Preparer's taxpayer identification number (see instructions)</div> <div>P00227323</div>					
	<div>Firm's name (or yours if self-employed), address, and ZIP + 4</div> <div>MCGLADREY LLP</div> <div>201 N HARRISON STREET SUITE 300</div> <div>DAVENPORT, IA 528011999</div>				<div>EIN</div> <div>42-0714325</div>	
				<div>Phone no</div> <div>(563) 888-4000</div>		
<div>May the IRS discuss this return with the preparer shown above? (see instructions)</div> <div><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</div>						

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes

☒

No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes

☒

No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code ) (Expenses \$ 263,868,736 including grants of \$ 2,472,294 ) (Revenue \$ 343,780,620 )

GENESIS HEALTH SYSTEM IS A HEALTH SYSTEM LOCATED IN EASTERN IOWA, CONSISTING OF THREE HOSPITAL FACILITIES, TWO IN DAVENPORT AND ONE IN DEWITT, IOWA GENESIS MEDICAL CENTER-DAVENPORT, CONTAINING 502 LICENSED ACUTE BEDS STATISTICS INCLUDE 74,476 PATIENT DAYS, 18,751 PATIENT DISCHARGES AND 179,098 OUT-PATIENT VISITS, GENESIS MEDICAL CENTER-DEWITT, CONTAINING LICENSED 13 ACUTE BEDS AND 77 SKILLED BEDS STATISTICS INCLUDE 1,429 PATIENT DAYS, 236 PATIENT DISCHARGES, AND 18,270 OUTPATIENT VISITS GENESIS HEALTH SYSTEM ALSO INCLUDES A FAMILY MEDICINE RESIDENCY PROGRAM THAT CONTINUES TO EDUCATE RESIDENTS IN THE HOSPITAL SETTING

4b

(Code ) (Expenses \$ 88,074,125 including grants of \$ 3,015 ) (Revenue \$ 73,435,199 )

GENESIS HEALTH GROUP, A PHYSICIAN GROUP WITHIN GENESIS HEALTH SYSTEM, CONSISTS OF 45 CLINICS AND 134 PHYSICIANS ENCOMPASSING A WIDE VARIETY OF SPECIALTIES AND FAMILY PRACTICE GROUPS SERVING IOWA, ILLINOIS AND SURROUNDING COMMUNITIES IN EASTERN IOWA AND WESTERN ILLINOIS STATISTICS INCLUDE TOTAL PRACTITIONER HOURS 208,800 AND RVU'S (RELATIVE VALUE UNITS) 743,939

4c

(Code ) (Expenses \$ 20,734,988 including grants of \$ 48,693 ) (Revenue \$ 24,830,952 )

GENESIS AT HOME VNA & HOSPICE, A VISITING NURSE AND HOSPICE CARE PROGRAM WITHIN GENESIS HEALTH SYSTEM, ENCOMPASSES HOME HEALTH SERVICES INCLUDING PHYSICAL THERAPY, OCCUPATIONAL/SPEECH THERAPY, SKILLED NURSING AND MEDICAL SOCIAL WORKER VISITS, AND THE HOSPICE HOUSE, WHICH CARES FOR TERMINALLY ILL PATIENTS STATISTICS INCLUDE HOME HEALTH VISITS 123,763 AND HOSPICE/HOSPICE HOUSE DAYS 52,310

4d

Other program services (Describe in Schedule O )

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

4e
























Total program service expenses

\$ 372,677,849

Form 990 (2011)

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)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	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? <i>If "Yes," complete Schedule C, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	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, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i> 	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i> 	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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i> 	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? <i>If "Yes," complete Schedule G, Part I.</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? <i>If "Yes," complete Schedule G, Part II.</i> . . . . .	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . . . .	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> 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? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	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? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
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? <i>If "Yes," complete Schedule J</i> . . . . .	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? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
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		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	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? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	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? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	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? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	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? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	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? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> 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. 574		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. 4,642		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	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)?	Yes	
b	If "Yes," enter the name of the foreign country: CJ 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?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
d	If "Yes," indicate the number of Forms 8282 filed during the year. 7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
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 . . . . .	1a18		
b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	1b9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5		No
6	Did the organization have members or stockholders? . . . . .	6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following . . . . .			
a	The governing body? . . . . .	8a	Yes	
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9		No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> IL
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> MARK G ROGERS 1227 E RUSHOLME DAVENPORT,IA 528032498 (563) 421-6508

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

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

Form **990** (2011)



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	<b>▶</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	<b>▶</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	<b>▶</b>	7,571,574	141,233	1,132,294

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 205

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b> Yes	
<b>4</b>	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? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>4</b> Yes	
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	<b>5</b>	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
METROPOLITAN MEDICAL LAB 1814 EAST LOCUST STREET DAVENPORT, IA 52803	OUTSIDE SERVICES	9,106,176
CERNER CORPORATION PO BOX 412702 KANSAS CITY, MO 64141	SOFTWARE SERVICES AGREEMENTS	5,423,801
MEDICUS EMERGENCY MEDICINE 7 INDUSTRIAL WAY UNIT 5 SALEM, NH 03079	PHYSICIAN FEES-MED SERVICES	3,205,301
COGENT HEALTHCARE INC PO BOX 974451 DALLAS, TX 75397	PHYSICIAN FEES-MED SERVICES	1,689,646
DAVENPORT SURGICAL GROUP 1228 EAST RUSHOLME STREET DAVENPORT, IA 52803	OUTSIDE SERVICES	1,024,490

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 ►69

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	485,340				
	e	Government grants (contributions)	1e	4,067,529				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,019,410				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f . . . . .		5,572,279				
Program Service Revenue			Business Code					
	2a	OUTPATIENT REVENUE	621400	421,742,469	421,742,469			
	b	INPATIENT REVENUE	900099	413,983,481	413,983,481			
	c	CLINIC REVENUE	621400	129,913,221	129,913,221			
	d	HOME HEALTH & HOSPICE	621610	27,895,662	27,895,662			
	e	OTHER OPERATING REVENUE	624100	6,888,726	5,051,920	1,836,806		
	f	All other program service revenue		-561,167,111	-561,167,111			
	g	Total. Add lines 2a-2f . . . . .		439,256,448				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		7,622,353			7,622,353	
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties . . . . .						
	6a	Gross rents	(i) Real	(ii) Personal				
			505,301					
			340,573					
			164,728					
	d	Net rental income or (loss) . . . . .		164,728			164,728	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			40,066,731	2,226,774				
			38,245,071	2,781,784				
			1,821,660	-555,010				
	d	Net gain or (loss) . . . . .		1,266,650			1,266,650	
	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	766,131				
	b	Less cost of goods sold . . . . .	b	493,182				
	c	Net income or (loss) from sales of inventory . . .		272,949	272,949			
	Miscellaneous Revenue		Business Code					
	11a	OTHER REVENUE	900099	2,175,845	2,175,845			
	b	DIETARY	900099	2,068,371	2,063,036	5,335		
	c	HOUSEKEEPING	900099	115,299	115,299			
d	All other revenue . . . . .							
e	Total. Add lines 11a-11d . . . . .		4,359,515					
12	Total revenue. See Instructions . . . . .		458,514,922	442,046,771	1,842,141	9,053,731		

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	2,154,328	2,154,328		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	369,673	369,673		
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 . . . . .	4,085,846	1,453,705	2,632,141	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	374,922	218,002	156,920	
7	Other salaries and wages	181,393,869	155,111,819	26,282,050	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	6,469,725	6,469,725		
9	Other employee benefits . . . . .	20,907,888	17,526,159	3,381,729	
10	Payroll taxes . . . . .	12,769,311	10,463,984	2,305,327	
11	Fees for services (non-employees)				
a	Management . . . . .	11,975,632	8,541,415	3,434,217	
b	Legal . . . . .	2,308,060		2,308,060	
c	Accounting . . . . .	239,230		239,230	
d	Lobbying . . . . .	112,785		112,785	
e	Professional fundraising See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .	1,164,844		1,164,844	
g	Other . . . . .	36,647,751	31,870,258	4,777,493	
12	Advertising and promotion . . . . .	1,320,744	1,287,523	33,221	
13	Office expenses . . . . .	40,898,747	37,036,150	3,862,597	
14	Information technology . . . . .	7,077,088	831,331	6,245,757	
15	Royalties . . . . .				
16	Occupancy . . . . .	15,017,094	12,229,727	2,787,367	
17	Travel . . . . .	2,071,734	1,257,491	814,243	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	629,970	519,793	110,177	
20	Interest . . . . .	4,167,876	4,167,857	19	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	25,335,943	17,094,222	8,241,721	
23	Insurance . . . . .	3,405,855	1,741,091	1,664,764	
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	PATIENT SUPPLY COST OF	36,961,818	36,961,818		
b	PROVISION FOR BAD DEBTS	25,008,208	25,008,208		
c	MISCELLANEOUS	2,033,706	363,570	1,670,136	
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	444,902,647	372,677,849	72,224,798	0
26	Joint costs. Check here <input type="checkbox"/> 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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			4,559,542	1	5,104,363
	2	Savings and temporary cash investments . . . . .			49,269,864	2	49,784,716
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			60,717,960	4	65,432,437
	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 . . . . .			26,667,288	7	38,677,310
	8	Inventories for sale or use . . . . .			10,437,231	8	9,221,836
	9	Prepaid expenses and deferred charges . . . . .			5,121,663	9	5,881,067
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .	10a	517,129,637			
	b	Less: accumulated depreciation . . . . .	10b	351,136,973	166,193,212	10c	165,992,664
	11	Investments—publicly traded securities . . . . .			154,265,413	11	158,409,749
	12	Investments—other securities. See Part IV, line 11 . . . . .			55,946,811	12	59,123,202
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .				14	
	15	Other assets. See Part IV, line 11 . . . . .			32,870,531	15	22,839,226
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .			566,049,515	16	580,466,570
Liabilities	17	Accounts payable and accrued expenses . . . . .			49,521,584	17	56,177,867
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			89,172,645	20	87,908,923
	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 . . . . .			125,466	23	103,649
	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 . . . . .			15,468,882	25	27,989,472
	26	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .			154,288,577	26	172,179,911
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>						
	27	Unrestricted net assets . . . . .			397,635,264	27	394,832,463
	28	Temporarily restricted net assets . . . . .			14,125,674	28	13,454,196
	29	Permanently restricted net assets . . . . .				29	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>						
	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	<b>Total net assets or fund balances</b> . . . . .			411,760,938	33	408,286,659
	34	<b>Total liabilities and net assets/fund balances</b> . . . . .			566,049,515	34	580,466,570

Part XI Reconciliation 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	458,514,922
2	Total expenses (must equal Part IX, column (A), line 25)	2	444,902,647
3	Revenue less expenses Subtract line 2 from line 1	3	13,612,275
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	411,760,938
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-17,086,554
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	408,286,659

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?		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		

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization GENESIS HEALTH SYSTEM	Employer identification number 42-1418847
---	--

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 Se**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?  

(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?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
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 <b>Total.</b> 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 <b>Public Support.</b> 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	<b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization 		
b	<b>33 1/3% support test—2010.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization 		
17a	<b>10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization 		
b	<b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization 		
18	<b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions 		

Part IIIPart 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 <b>stop here</b>						

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 <b>stop here</b> . 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 <b>stop here</b> . 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 GENESIS HEALTH SYSTEM	Employer identification number 42-1418847
---	--

**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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> 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														
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
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														
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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		0
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		13,000
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		64,881
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		973
i	Other activities? If "Yes," describe in Part IV	Yes		99,785
j	Total lines 1c through 1i			178,639
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	PART II-B, LINE 1B, PAID STAFF OR MANAGEMENT GENESIS HEALTH SYSTEM - IOWA HAD TWO STAFF MEMBERS INVOLVED IN LOBBYING ACTIVITIES ON A PART TIME BASIS. THEIR LOBBYING ACTIVITIES ARE FOCUSED ON SENDING LETTERS OR PUBLICATIONS TO GOVERNMENT OFFICIALS OR LEGISLATORS AND MEETING WITH OR CALLING GOVERNMENT OFFICIALS OR LEGISLATORS ON HEALTHCARE RELATED MATTERS. PART II-B, LINE 1D, MAILINGS TO MEMBERS, LEGISLATURES, OR THE PUBLIC. EMPLOYEES OF GENESIS HEALTH SYSTEM - IOWA ARE ENCOURAGED TO PARTICIPATE IN THE IOWA HOSPITAL ASSOCIATION'S "IHA ACTION ALERTS." THE EMPLOYEES PARTICIPATE BY RESPONDING TO E-MAIL ALERTS WHICH ALLOWS THEM TO VOICE THEIR OPINIONS TO THEIR STATE REPRESENTATIVES ON HEALTHCARE RELATED MATTERS (NOT CANDIDATE-SPECIFIC). THERE IS NO DIRECT COST TO GENESIS HEALTH SYSTEM - IOWA REGARDING THIS ACTIVITY. PART II-B, LINE 1F, GRANTS TO OTHER ORGANIZATIONS FOR LOBBYING PURPOSES. GENESIS HEALTH SYSTEM - IOWA PRESENTED TWO GRANTS TO OTHER ORGANIZATIONS: 1 ) COALITION TO PROTECT AMERICA'S HEALTH CARE, \$10,000. 2 ) QUAD CITIES CHAMBER - IOWA LEGISLATIVE LUNCHEON IN JANUARY 2012, \$3,000. PART II-B, LINE 1G, DIRECT CONTACT WITH LEGISLATORS, THEIR STAFFS, GOVERNMENT OFFICIALS, OR A LEGISLATIVE BODY. GENESIS HEALTH SYSTEM - IOWA HAD TWO STAFF MEMBERS INVOLVED IN LOBBYING ACTIVITIES ON A PART TIME BASIS. THEIR LOBBYING ACTIVITIES ARE FOCUSED ON SENDING LETTERS OR PUBLICATIONS TO GOVERNMENT OFFICIALS OR LEGISLATORS AND MEETING WITH OR CALLING GOVERNMENT OFFICIALS OR LEGISLATORS ON HEALTHCARE RELATED MATTERS. THE DIRECT COSTS INCLUDED: SALARIES - \$63,290, AND MILEAGE/TRAVEL EXPENSES - \$1,591. PART II-B, LINE 1H, RALLIES, DEMONSTRATIONS, SEMINARS, CONVENTIONS, SPEECHES, LECTURES, OR ANY SIMILAR MEANS. ON FEBRUARY 29, 2012, GENESIS HEALTH SYSTEM - IOWA RENTED A BUS TO TRAVEL TO AND FROM DAVENPORT, IOWA, TO THE POLK COUNTY CONVENTION CENTER AND THE IOWA STATE CAPITAL. THIS TRIP ALLOWED THE LOCAL COMMUNITY TO VISIT WITH THEIR IOWA LEGISLATORS, GOVERNMENT OFFICIALS, AND THEIR STAFF. THE DIRECT COSTS INCLUDED: \$973 FOR THE BUS RENTAL. PART II-B, LINE 1I, OTHER LOBBYING ACTIVITIES. IN FISCAL YEAR 2012, GENESIS HEALTH SYSTEM - IOWA RECEIVED PROFESSIONAL LOBBYING AND GOVERNMENTAL RELATIONS CONSULTING SERVICES FROM EIDE & HEISINGER, LLC AT A COST OF \$25,000. LOBBYING EXPENDITURES RELATED TO MEMBERSHIP DUES INCLUDED: 23% OF MEMBERSHIP DUES TO THE IOWA HOSPITAL ASSOCIATION, OR \$28,800; 25% OF MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION, OR \$12,576; MEMBERSHIP DUES RELATED TO LOBBYING TO THE SCOTT COUNTY MEDICAL SOCIETY TOTALING \$9,229; 65% OF MEMBERSHIP DUES TO THE AMERICAN MEDICAL ASSOCIATION, OR \$7,985; AND VARIOUS OTHER ASSOCIATIONS - \$16,195.

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

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.

Name of the organization GENESIS HEALTH SYSTEM	Employer identification number 42-1418847
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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?	
	<div>Yes</div> <div>No</div>	
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	
	<div>Yes</div> <div>No</div>	

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)

☐ Protection of natural habitat

☐ Preservation of open space

☐ Preservation of an historically importantly land area

☐ Preservation of a certified historic structure

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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

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

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .	5,519,844	5,040,858	5,010,740	5,224,450
b	Contributions . . . . .	2,014,051	16,614	28,352	30,636
c	Investment earnings or losses . . . . .	99,448	465,988	297,861	-243,446
d	Grants or scholarships . . . . .			296,096	900
e	Other expenditures for facilities and programs . . . . .				
f	Administrative expenses . . . . .	100	3,616		
g	End of year balance . . . . .	7,633,243	5,519,844	5,040,857	5,010,740

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 49 980 %

b

Permanent endowment ▶ 50 020 %

c

Term endowment ▶ 0 %

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 . . . . .		6,413,038		6,413,038
b Buildings . . . . .		195,846,913	111,653,233	84,193,680
c Leasehold improvements . . . . .		19,329,398	15,521,130	3,808,268
d Equipment . . . . .		268,238,588	209,551,891	58,686,697
e Other . . . . .		27,301,700	14,410,719	12,890,981
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				165,992,664



<b>Part XI</b> <b>Reconciliation of Change in Net Assets from Form 990 to Financial Statements</b>				
<b>1</b>	Total revenue (Form 990, Part VIII, column (A), line 12)	<b>1</b>		
<b>2</b>	Total expenses (Form 990, Part IX, column (A), line 25)	<b>2</b>		
<b>3</b>	Excess or (deficit) for the year    Subtract line 2 from line 1	<b>3</b>		
<b>4</b>	Net unrealized gains (losses) on investments	<b>4</b>		
<b>5</b>	Donated services and use of facilities	<b>5</b>		
<b>6</b>	Investment expenses	<b>6</b>		
<b>7</b>	Prior period adjustments	<b>7</b>		
<b>8</b>	Other (Describe in Part XIV)	<b>8</b>		
<b>9</b>	Total adjustments (net)    Add lines 4 - 8	<b>9</b>		
<b>10</b>	Excess or (deficit) for the year per financial statements    Combine lines 3 and 9	<b>10</b>		
<b>Part XII</b> <b>Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b>				
<b>1</b>	Total revenue, gains, and other support per audited financial statements    . . . . .	<b>1</b>		
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
<b>a</b>	Net unrealized gains on investments    . . . . .	<b>2a</b>		
<b>b</b>	Donated services and use of facilities    . . . . .	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants    . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIV)    . . . . .	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>		
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>		
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b    . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIV)    . . . . .	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>		
<b>5</b>	Total Revenue    Add lines <b>3</b> and <b>4c</b> . (This should equal Form 990, Part I, line 12 )    . . . . .	<b>5</b>		
<b>Part XIII</b> <b>Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>				
<b>1</b>	Total expenses and losses per audited financial statements    . . . . .	<b>1</b>		
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25			
<b>a</b>	Donated services and use of facilities    . . . . .	<b>2a</b>		
<b>b</b>	Prior year adjustments    . . . . .	<b>2b</b>		
<b>c</b>	Other losses    . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIV)    . . . . .	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>		
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>		
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b    . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIV)    . . . . .	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>		
<b>5</b>	Total expenses    Add lines <b>3</b> and <b>4c</b> . (This should equal Form 990, Part I, line 18 )    . . . . .	<b>5</b>		
<b>Part XIV</b> <b>Supplemental Information</b>				
Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.				

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



Additional Data

Software ID:  
Software Version:  
EIN: 42-1418847  
Name: GENESIS HEALTH SYSTEM

Form 990, Schedule D, Part VII - Investments— Other Securities

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
INVESTMENT IN HEALTH ENTERPRISES OF IOWA (HEI)	-3,832	C
INVESTMENT IN GENVENTURES, INC	24,178,461	C
INVESTMENT IN MISERICORDIA ASSURANCE COMPANY, LTD	120,000	C
INVESTMENT IN MRIOWA, LLC	227,071	C
INVESTMENT IN HEI COOP	1,697,493	C
INVESTMENT IN HEI VENTURES	123,008	C
INVESTMENT IN HEI IOWA ECHO/ULTRASOUND	146,251	C
INVESTMENT IN HEI BREAST BIOPS	5,676	C
INVESTMENT IN HEI DIGITAL MAMMOGRAPHY	9,929	C
INVESTMENT IN SPRING PARK SURGERY CENTER, LLC	4,439,283	C
INVESTMENT IN GENGASTRO, LLC	23,118,754	C
INVESTMENT IN GENORTHO, LLC	1,643,312	C
OTHER INVESTMENTS - GMC, DEWITT	325,020	C
INVESTMENT IN HEI BONE DENSITY	18,972	C
INVESTMENT IN GENRAD IMAGING, LLC	2,973,277	C
INVESTMENT IN GENESIS ONCOLOGY CO - MANAGEMENT, LLC	6,317	C
INVESTMENT IN HEI PHARMACY SERVICES, LC	43,634	C
OTHER INVESTMENTS - GMC	50,576	F



**1**

**(i) Method of valuation**  
(book, FMV, appraisal, other)

**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.

[illegible]

**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:** 42-1418847  
**Name:** GENESIS HEALTH SYSTEM

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

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SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

**Name of the organization**  
GENESIS HEALTH SYSTEM

**Employer identification number**  
42-1418847

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 <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input checked="" type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . <div><input checked="" type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> 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	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"? . . . . .	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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) . . . . .			7,625,151		7,625,151	1 820 %
b Medicaid (from Worksheet 3, column a) . . . . .			54,390,877	38,240,586	16,150,291	3 850 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .			0	0		
d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			62,016,028	38,240,586	23,775,442	5 670 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			462,150		462,150	0 110 %
f Health professions education (from Worksheet 5) . . . . .			2,846,494	1,877,701	968,793	0 230 %
g Subsidized health services (from Worksheet 6) . . . . .			5,579,670	4,659,465	920,205	0 220 %
h Research (from Worksheet 7) . . . . .			235,533		235,533	0 060 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			761,490		761,490	0 180 %
j <b>Total</b> Other Benefits . . . . .			9,885,337	6,537,166	3,348,171	0 800 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			71,901,365	44,777,752	27,123,613	6 470 %

Part IICommunity 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
1Physical improvements and housing			5,481	0	5,481	0 %
2Economic development			131,688	0	131,688	0 030 %
3Community support			8,732	0	8,732	0 %
4Environmental improvements			0	0		
5Leadership development and training for community members						
6Coalition building			24,583	0	24,583	0 010 %
7Community health improvement advocacy			8,382	0	8,382	0 %
8Workforce development			28,683	0	28,683	0 010 %
9Other			0	0		
10Total			207,549		207,549	0 050 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	10,243,078	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	102,440,110
6Enter Medicare allowable costs of care relating to payments on line 5	6	113,879,128
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-11,439,018
8Describe 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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
bIf "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 IVManagement 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 GENGASTRO LLC	AMBULATORY SURGERY CENTER	75 000 %	0 %	25 000 %
2 2 GENORTH0 LLC	ORTHOPAEDIC SURGERY CENTER	50 000 %	0 %	50 000 %
3 3 SPRING PARK SURGERY CENTER LLC	OUTPATIENT SURGICAL CENTER	50 000 %	0 %	50 000 %
4 4 GENRAD IMAGING LLC	DIAGNOSTIC IMAGING CENTER	50 000 %	0 %	50 000 %
5 5 GENESIS ONCOLOGY CO-MANAGEMENT LLC	ONCOLOGY PROGRAM MANAGEMENT	10 000 %	0 %	90 000 %
6				
7				
8				
9				
10				
11				
12				
13				



## Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 3

## Name and address

**Schedule H (Form 990) 2011**

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

GENESIS MEDICAL CENTER EAST-DAVENPORT

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
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? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> 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? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

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

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> 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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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? . . . . . If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input checked="" type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> 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? . . . . . If "Yes," explain in Part VI	20	No
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? . . . . . If "Yes," explain in Part VI	21	No

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

GENESIS MEDICAL CENTER WEST-DAVENPORT

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):2

	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 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
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? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> 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? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

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

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> 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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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? . . . . . If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care a <input checked="" type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged b <input type="checkbox"/> 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 <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged d <input type="checkbox"/> 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? . . . . . If "Yes," explain in Part VI		No
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? . . . . . If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

GENESIS MEDICAL CENTER-DEWITT

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):3

		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 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)		1	
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? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)		5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> 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? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes	



Part V

Facility Information (continued)

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

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> 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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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? . . . . . If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input checked="" type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> 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? . . . . . If "Yes," explain in Part VI	20	No
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? . . . . . If "Yes," explain in Part VI	21	No

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? 60

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 3C NOT APPLICABLE

Identifier	ReturnReference	Explanation
		PART I, LINE 6A NOT APPLICABLE

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

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

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) \$25,008,208 OF BAD DEBT EXPENSE IS SUBTRACTED FOR PURPOSES OF COMPUTING THE PERCENTAGE IN PART I, LINE 7K, COLUMN F THE ORGANIZATION'S TOTAL COMMUNITY BENEFIT EXPENSE AS A PERCENTAGE OF TOTAL EXPENSES, LESS BAD DEBT, IS 17.12%, AND THE PERCENTAGE INCREASES TO 44.24% IF MEDICARE ALLOWABLE COSTS ARE INCLUDED IN TOTAL COMMUNITY BENEFIT EXPENSE



Identifier	ReturnReference	Explanation
		<p>PART II PHYSICAL IMPROVEMENTS AND HOUSING</p> <p>GENESIS HEALTH SYSTEM EMPLOYEES PROMOTE THE HEALTH OF THE COMMUNITY BY SUPPORTING COMMUNITY OUTREACH PROGRAMS, INCLUDING HABITAT FOR HUMANITY, AREA SHELTERS FOR THE HOMELESS, SHELTERS FOR ABUSED WOMEN AND DEPENDENT CHILDREN, AND FOOD PANTRIES ECONOMIC DEVELOPMENT GENESIS HEALTH SYSTEM EXECUTIVES AND EMPLOYEES SERVE ON VOLUNTEER BOARDS THROUGHOUT THE REGION SUPPORTING IMPORTANT PROJECTS AND INITIATIVES, HOMELESS SHELTERS, MENTAL HEALTH, DOWNTOWN REDEVELOPMENT AND EVENTS AND FESTIVALS COMMUNITY SUPPORT GENESIS HEALTH SYSTEM PARTICIPATES IN A VOLUNTEER PARTNERSHIP WITH JUNIOR ACHIEVEMENT SEVERAL GENESIS HEALTH SYSTEM EMPLOYEES TRAVEL TO LOCAL COMMUNITY SCHOOLS TO TEACH THE IMPORTANCE OF WORKFORCE READINESS, ENTREPRENEURSHIP, AND FINANCIAL LITERACY GENESIS HEALTH SYSTEM CONDUCTS MULTIPLE DISASTER AND DECONTAMINATION DRILLS THROUGHOUT THE YEAR COALITION BUILDING GENESIS HEALTH SYSTEM EXECUTIVES AND EMPLOYEES ARE ACTIVE PARTICIPANTS IN COMMUNITY COALITIONS THAT RELATE TO IMPROVING COMMUNITY HEALTH THESE ACTIVITIES INCLUDE THE MAYOR'S HUNGER LUNCHEONS THAT ADDRESS THE HOMELESS POPULATION AND PARTNERSHIPS IN NURSING (PIN), A COLLABORATIVE PARTNERSHIP WITH COMMUNITY GROUPS TO IMPROVE THE COMMUNITY NURSING INFRASTRUCTURE WITH A GOAL OF IDENTIFYING AREAS OF REDUCED REPRESENTATION WHILE WORKING TO STRENGTHEN THE EDUCATIONAL AND FACULTY DEVELOPMENT TO BETTER SERVE OUR COMMUNITY AS A WHOLE COMMUNITY HEALTH IMPROVEMENT ADVOCACY GENESIS HEALTH SYSTEM MAINTAINS AN ACTIVE EFFORT TO ADVOCATE FOR ACCESS TO HEALTH CARE WITH THE IOWA AND ILLINOIS STATE GOVERNMENTS AND IN WASHINGTON D C GENESIS EMPLOYEES PARTICIPATE IN A VOTER VOICE INITIATIVE TO ALSO ADVOCATE ON IMPORTANT HEALTH ISSUES WORKFORCE DEVELOPMENT GENESIS HEALTH SYSTEM PARTNERS WITH THE LOCAL COMMUNITY COLLEGES AND UNIVERSITIES TO ADDRESS THE HEALTH CARE WORK FORCE SHORTAGE GENESIS HEALTH SYSTEM WORKS WITH THE LOCAL COMMUNITY COLLEGES AND UNIVERSITIES TO ADDRESS COMMUNITY-WIDE WORKFORCE ISSUES BY SUPPORTING JOB CREATION AND TRAINING PROGRAMS</p>

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

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 8 THE MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT REPORTED IN PART III, LINES 5, 6, AND 7 FOR THE HOSPITALS IN ADDITION, GENESIS HEALTH SYSTEM - IOWA CALCULATED ITS MEDICARE SHORTFALL TWO WAYS FOR SUPPLEMENTAL INFORMATIONAL PURPOSES THESE CALCULATIONS WERE COMPUTED USING THE GROSS PATIENT REVENUE BY PAYOR MIX AND CONVERTED TO COST USING THE COST TO CHARGE RATIO FROM PART I, WORKSHEET 2 THE PAYMENT RATE WAS CALCULATED BY DIVIDING THE MEDICARE PAYMENTS BY MEDICARE CHARGES USING A 12-MONTH ZERO BALANCE REPORT THE SHORTFALL IS THE DIFFERENCE BETWEEN THE PAYMENTS AND THE COSTS A THE PAYER MIX AND ZERO BALANCE REPORT FOR GENESIS MEDICAL CENTER (GMC) - DAVENPORT AND DEWITT HOSPITALS WERE USED ALONG WITH THE COST TO CHARGE RATIO CALCULATED USING EACH HOSPITAL'S DATA TO GET A "GLOBAL" COST TO CHARGE RATIO OF 35 29%, RESULTED WITH A MEDICARE SHORTFALL OF \$19,127,056 -SECTION B MEDICARE - GLOBAL (DAV &amp; DEWITT)5 TOTAL REVENUE RECEIVED FROM MEDICARE \$129,234,408 6 ALLOWABLE COSTS OF CARE \$148,361,4657 SURPLUS (SHORTFALL) (\$19,127,056) B UTILIZING A PAYER MIX AND ZERO BALANCE REPORT FOR GMC-DAVENPORT HOSPITAL, DEWITT HOSPITAL, GENESIS HEALTH GROUP CLINICS, GENESIS FAMILY MEDICAL CENTER, AND VISITING NURSE ASSOCIATION, AND EACH BUSINESS UNIT'S COST TO CHARGE RATIO, CALCULATED USING WORKSHEET 2, THE COMBINED GHS - IOWA MEDICARE SHORTFALL IS \$27,704,387 -SECTION B MEDICARE - ALL INDIVIDUAL ADDED5 TOTAL REVENUE RECEIVED FROM MEDICARE \$145,446,568 6 ALLOWABLE COSTS OF CARE \$173,150,9557 SURPLUS (SHORTFALL) (\$27,704,387)NO MEDICARE SHORTFALLS WERE INCLUDED IN COMMUNITY BENEFIT THE MEDICARE SHORTFALL REPRESENTS THE DIFFERENCE BETWEEN THE TOTAL REVENUE RECEIVED FROM MEDICARE BASED ON MEDICARE REIMBURSEMENT RATES AND THE COSTS INCURRED BY GENESIS HEALTH SYSTEM IN PROVIDING HEALTHCARE SERVICES TO THE ELDERLY IN 2012, THE PERCENT OF PERSONS 65 YEARS AND OVER IN ROCK ISLAND AND SCOTT COUNTIES WAS 18 6% IN ACCORDANCE WITH GENESIS HEALTH SYSTEM'S MISSION STATEMENT, "TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED," THE ELDERLY WERE SERVED DESPITE THE MEDICARE LOSS OF \$11,439,018 GENESIS HEALTH SYSTEM HAS A CLEAR MISSION TO SERVE ALL THOSE IN NEED AND TO IMPROVE THE HEALTH OF THE COMMUNITY INCLUDING THE ELDERLY FURTHERMORE, THERE ARE NO FOR-PROFIT HOSPITALS IN THE COMMUNITY, AND THEREFORE GENESIS HEALTH SYSTEM IS ONE OF TWO TAX-EXEMPT HEALTHCARE ORGANIZATIONS IN THE COMMUNITY WHO PROVIDE ACCESS TO HEALTHCARE FOR MEDICARE PATIENTS ACCORDINGLY, IT IS GENESIS HEALTH SYSTEM'S POSITION FOR THE REASONS STATED ABOVE THAT THE MEDICARE SHORTFALL OF \$11,439,018 REPRESENTS A COMMUNITY BENEFIT PURSUANT TO THE INSTRUCTIONS TO THE FORM 990, SCHEDULE H, THE MEDICARE SHORTFALL IS NOT INCLUDED IN PART I, LINE 7 IF THE MEDICARE SHORTFALL WAS INCLUDED IN PART I, LINE 7, THEN PART I, LINE 7K, COLUMN F WOULD BE 9 18%</p>

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

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

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 GENESIS HEALTH SYSTEM'S MISSION IS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED GENESIS LIVES ITS MISSION EACH AND EVERY DAY BY SERVING A 10-COUNTY REGION OF EASTERN IOWA AND WESTERN ILLINOIS, INCLUDING BOTH URBAN AND RURAL AREAS THE REGION SERVED BY GENESIS HEALTH SYSTEM HAS A POPULATION OF 379,690 ACCORDING TO THE 2010 CENSUS, WHITES MADE UP 88.4% OF THE POPULATION WITH 8.3% BLACK OR AFRICAN-AMERICAN AND 7.6% HISPANIC OR LATINO ORIGIN MEDIAN AGE OF THE POPULATION OF THE REGION IS 40.6 YEARS MORE THAN 30% OF THE POPULATION OF THE REGION IS GREATER THAN 50 YEARS OLD, WHICH WILL CREATE A CONTINUED AND EXPANDED NEED FOR HEALTH CARE SERVICES IN THE NEXT 20 YEARS THE PERCENT OF PERSONS 65 YEARS AND OVER WAS 18.6% IN ROCK ISLAND AND SCOTT COUNTIES ACCORDING TO ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS), 11.9% OF QUAD CITIES AREA RESIDENTS (SCOTT AND ROCK ISLAND COUNTIES) LIVE BELOW THE FEDERAL POVERTY IN 2012, 2.0% OF QUAD CITIES AREA ADULTS REPORTED THAT THERE WAS A TIME IN THE PAST TWO YEARS WHEN THEY WERE LIVING ON THE STREET, IN A CAR, OR IN A TEMPORARY SHELTER THE AVERAGE UNEMPLOYMENT RATE IN 2009 WAS 9.2% FOR ROCK ISLAND COUNTY, ILLINOIS AND 6.6% IN SCOTT COUNTY, IOWA THE PERCENTAGE OF PEOPLE AGES 18-64 WHO DID NOT HAVE ANY HEALTH INSURANCE IN 2012 WAS 9.3% IN ROCK ISLAND COUNTY, ILLINOIS AND 11.4% IN SCOTT COUNTY, IOWA THE QUAD CITIES AREA PERCENTAGE OF ADULTS WHO CURRENTLY SMOKED IN 2012 WAS 19.4% THE PERCENTAGE OF ADULTS WHO WERE OBESE IN 2012 WAS 33.4% IN ROCK ISLAND COUNTY, ILLINOIS AND 33.6% IN SCOTT COUNTY, IOWA

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 GENESIS HEALTH SYSTEM'S BOARD OF DIRECTORS IS A DIVERSE REPRESENTATION OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA THAT GENESIS HEALTH SYSTEM SERVES GENESIS EXECUTIVES AND EMPLOYEES SERVE ON DOZENS OF VOLUNTEER BOARDS THROUGHOUT THE REGION ON IMP ORTANT PROJECTS AND INITIATIVES, SUCH AS NEW LIBRARY CONSTRUCTION, HOMELESS SHELTERS, MENT AL HEALTH, DOWNTOWN REDEVELOPMENT AND EVENTS AND FESTIVALS GENESIS EMPLOYEES SERVE THE CO MMUNITIES WHERE THEY LIVE BY SERVING IN ELECTED OFFICES IN CITY AND COUNTY GOVERNMENT GENE SIS HEALTH SYSTEM EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMM UNITIES GENESIS HEALTH SYSTEM HAS ENDEAVORED TO IMPROVE ACCESS TO HEALTH CARE FOR THE COM MUNITIES IT SERVES BY PARTICIPATING IN APPROPRIATE JOINT VENTURES THAT OFFER NEEDED HEALTH CARE SERVICES TO UNDER-SERVED AREAS GENESIS HEALTH SYSTEM SCHEDULES DOZENS OF HEALTH SCRE ENINGS AND IMMUNIZATIONS THROUGHOUT THE YEAR AT A REDUCED COST THESE INCLUDE SCREENINGS F OR DIABETES, STROKE AND HEART DISEASE AND PUBLIC FLU IMMUNIZATION CLINICS GENESIS HAS DONA TED FUNDING FOR OUTDOOR EXERCISE COURSES CALLED GENESIS HEALTHBEAT IN DAVENPORT, IA , MOLI NE, IL , AND DEWITT, IA GENESIS IS A KEY COMMUNITY PARTNER IN DEVELOPING LET'S MOVE DAVEN PORT, A GROUP FORMED IN 2010 TO PROMOTE HEALTH, FITNESS AND GOOD NUTRITION FOR CHILDREN IN DAVENPORT THE PROGRAM INCLUDES A NUMBER OF EVENTS IN THE SPRING, SUMMER AND FALL TO GET SCHOOL CHILDREN ACTIVE THE PROGRAM WAS PATTERNED AFTER LET'S MOVE, THE NATIONAL INITIATIV E OF FIRST LADY MICHELLE OBAMA GENESIS HEALTH SYSTEM COLLABORATED WITH ST AMBROSE UNIVERS ITY TO BUILD A NEW HEALTH SCIENCES BUILDING ON THE GENESIS HOSPITAL CAMPUS IN DAVENPORT BY PROVIDING EASY ACCESS TO BOTH CLASSROOM AND CLINICAL EDUCATIONS ON THE SAME SITE, GENESI S HEALTH CARE PROFESSIONALS AND ST AMBROSE HEALTH SCIENCES STUDENTS ARE ABLE TO ADVANCE T HEIR EDUCATION PATIENTS BENEFIT FROM THE CARE PROVIDED BY ADVANCED EDUCATION NURSES AND T ECHNICIANS THE RELATIONSHIP WITH ST AMBROSE WILL ALSO ATTRACT AND DEVELOP MORE SKILLED N URSES TO PROVIDE THE CARE THE REGION WILL NEED INTO THE FUTURE GENESIS SPONSORS GENESIS AD VENTURES IN NURSING (GAIN), A CAMP FOR CHILDREN INTERESTED IN HEALTH CARE CAREERS GENESIS EMPLOYEES SERVE AS MENTORS AND INSTRUCTORS DURING CAMP WEEK GENESIS EMPLOYEES MAKE MEDICA L MISSION TRIPS EACH YEAR TO AREAS OF NEED ALL OVER THE WORLD GENESIS EMPLOYEES, WITH THE SUPPORT OF THE HEALTH SYSTEM, HAVE PROVIDED RELIEF TO HAITI AFTER THE EARTHQUAKE AND DURI NG THE CHOLERA OUTBREAK AND TO TRADITIONALLY IMPOVERISHED COUNTRIES, INCLUDING PERU, ECUAD OR, THE DOMINICAN REPUBLIC, HAITI AND TO AFRICAN NATIONS GENESIS HEALTH SYSTEM HAS DONATED THOUSANDS OF DOLLARS WORTH OF MEDICAL SUPPLIES TO EMPLOYEES PARTICIPATING IN MEDICAL MISS ION TRIPS AROUND THE WORLD AND EARTHQUAKE RELIEF EFFORTS IN HAITI GENESIS AND GILDA'S CLUB OF THE QUAD CITIES SPONSOR CAMP GENESIS, A WEEK AT A LOCAL YMCA CAMP FOR CHILDREN WHO ARE DEALING WITH CANCER IN THEIR FAMILIES KIDS WHO MAY NOT OTHERWISE HAVE THE OPPORTUNITY AS A PARENT, SIBLING OR GRANDPARENT FIGHTS CANCER ARE ABLE TO ENJOY A FREE CAMP EXPERIENCE GENESIS EMPLOYEES SUPPORT COMMUNITY OUTREACH PROGRAMS THROUGH A PROGRAM CALLED "TAKIN IT T O THE STREETS " PROJECTS HAVE INCLUDED PRIMARY SPONSORSHIP OF A HABITAT FOR HUMANITY HOUSE (280 VOLUNTEERS), COLLECTION OF 18,000 ITEMS FOR DOMESTIC VIOLENCE SHELTERS AND HUMILITY OF MARY HOMELESS SHELTER, X-STREAM CLEANUP (85 VOLUNTEERS), A CLEANUP PROJECT OF RIVERS AN D STREAMS EMPLOYEES HAVE USED THEIR COLLECTIVE IMPACT TO SECURE DONATIONS FOR FOOD PANTRI ES IOWA GOVERNOR TERRY BRANSTAD PARTICIPATED IN A SHELTER DONATION PROJECT IN 2011 GENES IS HAS REDUCED ITS ENVIRONMENTAL FOOTPRINT ON THE COMMUNITIES IT SERVES BY IMPLEMENTING BU LK WASTE RECYCLING, POLYSTYRENE RECYCLING, REDUCING SHARPS DISPOSAL, IMPLEMENTING WATER RU NOFF MEASURES, REDUCING WATER AND CHEMICAL USAGE IN THE MEDICAL LAUNDRY AND BUILDING A ROO FTOP GREEN SPACE ON A LARGE HOSPITAL ROOF IN DAVENPORT CRESCENT LAUNDRY, A MEDICAL LAUNDR Y OWNED BY A FOR-PROFIT ENTITY OF GENESIS HEALTH SYSTEM, HAS BEEN RECOGNIZED NATIONALLY FO R ITS CONSERVATION METHODS GENESIS SPONSORS AND HOSTS A VERY POPULAR ANNUAL BOY SCOUT MER IT BADGE DAY TO ASSIST SCOUTS IN WORKING TOWARD FIRST AID AND MEDICINE MERIT BADGES PROFE SSIONAL HEALTH CARE STAFF VOLUNTEER TO INSTRUCT THE SCOUTS FOR THE DAY GENESIS MAINTAINS A N ACTIVE EFFORT TO ADVOCATE FOR ACCESS TO HEALTH CARE IN IOWA AND ILLINOIS STATE GOVERNMEN T AND IN WASHINGTON D C GENESIS EMPLOYEES PARTICIPATE IN A VOTER VOICE INITIATIVE TO ALSO ADVOCATE ON IMPORTANT HEALTH ISSUES WITH CITY, COUNTY, STATE AND NATIONAL ELECTED OFFICIA LS AMONG THE ADVOCACY EFFORTS IN 2011 WAS LOBBYING AGAINST A BAN ON TRAFFIC ENFORCEMENT C AMERAS IN IOWA GENESIS HAS EXPERIENCED FEWER PATIENTS WITH TRAUMA INJURIES FROM MOTOR VEH ICLE ACCIDENTS AND WILL CONTINUE TO ADVOCATE FOR PUBLIC SAFETY GENESIS BECAME THE FOUNDING SPONSOR OF THE KOMEN QUAD CITIES RACE FOR THE CUR</p>



Identifier	ReturnReference	Explanation
		E IN 2011 AFTER BEING INVOLVED AS A SPONSOR SINCE THE INCEPTION OF THE EVENT THE EVENT SU PPORTS A VOUCHERS PROGRAM FOR FREE MAMMOGRAMS FROM AREA BREAST HEALTH CENTERS, INCLUDING T HE KENNETH H MCKAY CENTER FOR BREAST HEALTH AT GENESIS EACH YEAR, GENESIS PROVIDES THE CO MMUNITY WITH DOZENS OF CLASSES AND EVENTS PROMOTING HEALTH AND HEALTH EDUCATION HUNDREDS OF RESIDENTS IN THE REGION SERVED BY GENESIS LEARN CPR, FIRST AID, PARENTING SKILLS AND NE WBO RN CARE BY ENROLLING IN CLASSES AVAILABLE SURPLUS FUNDS RESULTING FROM EFFICIENT OPERAT IONS AND COST-CONTAINMENT MEASURES ARE RE-INVESTED IN THE HEALTHCARE OPERATIONS OF GENESIS HEALTH SYSTEM TO IMPROVE THE HEALTHCARE SERVICES THAT GENESIS PROVIDES ADVANCES IN MEDIC AL EQUIPMENT AND TECHNOLOGY, STAFF EDUCATION, AND NEW MEDICAL SERVICES ARE EXAMPLES OF OPE RATIONAL INVESTMENTS THAT ULTIMATELY IMPROVE THE HEALTH OF THE COMMUNITIES THAT GENESIS SE RVES

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 GENESIS HEALTH SYSTEM (TAX ID #42-1418847), AN IOWA NONPROFIT CORPORATION , AND GENESIS HEALTH SYSTEM (TAX ID #36-3616314), AN ILLINOIS NOT-FOR-PROFIT CORPORATION, HAVE IDENTICAL GOVERNING BOARDS, MANAGEMENT AND BYLAWS AND CAN ACT JOINTLY GENESIS HEALTH SYSTEM (TAX ID #42-1418847) IS ALSO THE SOLE MEMBER OF GENESIS HEALTH SERVICES FOUNDATION AND GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST, THE SOLE STOCKHOLDER OF GE NVENTURES, INC , A MEMBER OF MISERICORDIA ASSURANCE COMPANY, LTD AND A PARTNER IN GENGAST RO, LLC GENESIS HEALTH SYSTEM (TAX ID #36-3616314) IS A PARTNER IN THE LARSON CENTER PART NERSHIP GENESIS HEALTH SYSTEM (TAX ID #42-1418847) OPERATES THE FOLLOWING BUSINESS UNITS T O PROMOTE THE HEALTH OF THE COMMUNITIES IT SERVES GENESIS HEALTH SYSTEM PROVIDES ADMINISTR ATIVE, MANAGEMENT, INFORMATION TECHNOLOGY AND OTHER SUPPORT SERVICES TO ITS AFFILIATES GEN ESIS CLINICAL SERVICES GENESIS HEALTH SYSTEM OWNS AND OPERATES PHYSICIAN MEDICAL PRACTICE S, CONVENIENT CARE PRACTICES, OPERATES AN OCCUPATIONAL MEDICINE CLINIC AND PROVIDES BEHAVI ORAL HEALTH SERVICES TO THE RESIDENTS OF EASTERN IOWA AND WESTERN ILLINOIS GENESIS MEDICA L CENTER - DAVENPORT (GMC - DAVENPORT) IS LICENSED AS A 502-BED ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM TWO HOSPITAL FACILITIES LOCATED IN DAVENPORT, IOWA GENESIS FAMILY MEDICAL CENTER (GFMC) IS A FAMILY PRACTICE RESIDENCY TRAINING PROGRAM THAT OPERATES CLINIC S IN DAVENPORT AND BLUE GRASS, IOWA TO PROVIDE A CLINICAL SETTING FOR THE RESIDENTS TO TRE AT PATIENTS GENESIS MEDICAL CENTER - DEWITT (GMC - DEWITT) IS CERTIFIED AS A CRITICAL ACCE SS HOSPITAL, WHICH HAS 13-ACUTE CARE AND SWING BEDS, AND HAS A 77-BED LONG-TERM CARE FACIL ITY, WHICH PROVIDES SERVICES FROM ITS FACILITY IN DEWITT, IOWA GENESIS ILLINOIS PROPERTIE S (GIP) OWNS LAND LOCATED IN MOLINE, ILLINOIS DURING THE YEAR ENDED JUNE 30, 2012, GIP SO LD ITS LAND TO GENESIS MEDICAL CENTER - ILLINI AND GIP WAS DISCONTINUED AS A BUSINESS UNIT GENESIS VISITING NURSE ASSOCIATION AND HOSPICE (VNA) PROVIDES HOME HEALTH CARE, COMMUNIT Y NURSING SERVICES AND HOSPICE SERVICES TO PATIENTS IN EASTERN IOWA AND WESTERN ILLINOIS G ENESIS MEDICAL CENTER - ILLINOIS (GMC - ILLINI) IS LICENSED AS A 149-BED ACUTE CARE HOSPIT AL WHICH PROVIDES SERVICES FROM ITS FACILITY IN SILVIS, ILLINOIS ILLINI HOSPITAL NURSING H OME (INH) OPERATES ILLINI RESTORATIVE CARE CENTER AND CROSSTOWN SQUARE ILLINI RESTORATIVE CARE CENTER IS A 120-BED LICENSED NURSING FACILITY, CONSISTING OF 75 SKILLED CARE BEDS AN D 45 SHELTERED CARE BEDS TWENTY-TWO OF THE SKILLED CARE BEDS ARE DESIGNATED AS HOSPITAL- BASED MEDICARE CERTIFIED BEDS THE SHELTERED CARE UNIT PROVIDES REHABILITATIVE AND PERSONAL CARE IN A FAMILY-ORIENTED SETTING CROSSTOWN SQUARE IS AN INDEPENDENT LIVING FACILITY CON TAINING 76 RENTABLE APARTMENTS AND TWO GUESTROOMS THAT OFFERS SERVICES DESIGNED TO MEET TH E NEEDS OF OUR SENIOR ADULTS GENESIS HEALTH SYSTEM IOWA AND GENESIS HEALTH SYSTEM ILLINOI S HAVE A CONTROLLING OWNERSHIP INTEREST OR MEMBERSHIP IN THE FOLLOWING ORGANIZATIONS GENE SIS HEALTH SERVICES FOUNDATION (GENESIS FOUNDATION) IS AN ORGANIZATION WHOSE MISSION IS TO DEVELOP, MANAGE AND GRANT CHARITABLE SUPPORT TO MEET THE HEALTH-RELATED NEEDS OF THE COMM UNITIES SERVED BY GENESIS HEALTH SYSTEM THE GENESIS FOUNDATION IS REFERRED TO AS THE FOUN DATION ILLINI HOSPITAL FOUNDATION (ILLINI FOUNDATION) SUPPORTS GMC - ILLINI BY PROVIDING F INANCIAL AND FUNDRAISING ASSISTANCE THE MISSION OF THE ILLINI FOUNDATION IS TO ASSIST GMC - ILLINI IN PROVIDING QUALITY, COMPASSIONATE CARE FOR ALL THOSE IN NEED BY RAISING, MANAG ING AND GRANTING CHARITABLE FUNDS DURING THE YEAR ENDED JUNE 30, 2012, ILLINI FOUNDATION MERGED WITH GENESIS FOUNDATION AND ILLINI FOUNDATION WAS DISSOLVED THE LARSON CENTER PARTN ERSHIP (LCP) IS A FOR-PROFIT REAL ESTATE PARTNERSHIP WHICH OWNS A MEDICAL OFFICE BUILDING ADJACENT TO GMC - ILLINI AND LEASES SPACE FOR CLINICS, LABORATORY, PHARMACY AND OFFICES TO GMC - ILLINI AND OTHER THIRD-PARTY ORGANIZATIONS GHS ILLINOIS IS A GENERAL PARTNER AND O WNS APPROXIMATELY 75 6% OF LCP GENVENTURES, INC (GENVENTURES) IS A WHOLLY-OWNED FOR-PROFI T CORPORATION WHICH OPERATES THE FOLLOWING DIVISIONS, PRIMARILY IN THE QUAD CITIES GENESIS AT HOME, CONTINUING CARE SELLS AND LEASES HOME MEDICAL EQUIPMENT , PROVIDES INTRAVENOUS TH ERAPY SERVICES, INCLUDING SALES OF RELATED SOLUTIONS AND SUPPLIES TO PATIENTS, AND PROVIDE S RETAIL PHARMACEUTICAL AND OVER-THE-COUNTER PRODUCTS TO PATIENTS AND EMPLOYEES OF THE SYS TEM GENPROPERTIES OWNS, LEASES AND/OR MANAGES OFFICE SPACE IN 14 MEDICAL OFFICE BUILDINGS LOCATED IN DAVENPORT, ELDRIDGE, LECLAIRE, MUSCATINE AND BETTENDORF, IOWA CRESCENT LAUNDRY PROVIDES COMMERCIAL LAUNDRY SERVICES TO HEALTH CARE FACILITIES IN EASTERN IOWA AND IN NORT H-CENTRAL ILLINOIS GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST (WORKERS' CO MPENSATION TRUST) PROVIDES A FUND WHICH CAN BE USED TO PAY WORKERS' COMPENSATION CLAIMS AN D COSTS FOR THE BENEFIT OF GENESIS HEALTH SYSTEM M</p>

Identifier	ReturnReference	Explanation
		<p>ISERICORDIA ASSURANCE COMPANY, LTD (MISERICORDIA) IS A WHOLLY-OWNED CAYMAN BASED CAPTIVE INSURANCE COMPANY WHICH UNDERWRITES THE GENERAL AND PROFESSIONAL LIABILITY RISKS OF GENESI S HEALTH SYSTEM AND AFFILIATES GENGASTRO, LLC (D/B/A THE CENTER FOR DIGESTIVE HEALTH) IS A LIMITED LIABILITY COMPANY, WHICH WAS FORMED IN 2003, A SINGLE-SPECIALTY GASTROENTEROLOGY AMBULATORY SURGERY CENTER LOCATED IN BETTENDORF, IOWA IN DECEMBER 2010, GENESIS HEALTH SY STEM ACQUIRED AN ADDITIONAL 16 67% INTEREST IN GENGASTRO AND MAINTAINED A 66 67% OWNERSHIP INTEREST AS OF JUNE 30, 2011 UPON OBTAINING A CONTROLLING INTEREST, THE SYSTEM CONSOLIDA TED THE ACCOUNTS OF GENGASTRO, LLC IN ITS CONSOLIDATED FINANCIAL STATEMENTS IN JANUARY 201 1 DURING THE YEAR ENDED JUNE 30, 2012, GENESIS HEALTH SYSTEM ACQUIRED AN ADDITIONAL 8 33% INTEREST IN GENGASTRO, LLC FROM NONCONTROLLING INTERESTS AND MAINTAINS A 75% OWNERSHIP IN TEREST AS OF JUNE 30, 2012 DAVENPORT SRS LEASING, LLC (SRS) IS A LIMITED LIABILITY COMPANY , WHICH WAS FORMED IN 2008, WHICH LEASES MEDICAL EQUIPMENT GENESIS HEALTH SYSTEM MAINTAIN ED A 93 75% OWNERSHIP INTEREST AS OF JUNE 30, 2011 DURING THE YEAR ENDED JUNE 30, 2012, G MC - DAVENPORT ACQUIRED THE REMAINING INTEREST OF SRS, TO OBTAIN 100% OWNERSHIP UPON OBTA INING 100% OWNERSHIP, THE ASSETS, LIABILITIES AND OPERATIONS OF SRS WERE TRANSFERRED TO GM C - DAVENPORT AND SRS WAS DISSOLVED GENESIS ACCOUNTABLE CARE ORGANIZATION, LLC (GENESIS AC O) THE GENESIS ACO IS AN IOWA LIMITED LIABILITY COMPANY FORMED IN DECEMBER 2011 ITS PURP OSE IS TO ENGAGE IN ANY LAWFUL BUSINESS AND ANY BUSINESS RELATED TO CREATION AND ORGANIZAT ION OF A "PHYSICIAN-DRIVEN" NETWORK TO ACT AS, AND/OR PARTICIPATE IN, AN ACCOUNTABLE CARE ORGANIZATION WITHIN THE MEANING OF THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT THE COMPANY IS ALSO ORGANIZED TO DEVELOP A CLINICALLY INTEGRATED NETWORK OF PROVIDERS INC LUDING PHYSICIANS, HEALTH PROFESSIONALS, HOSPITALS AND ANCILLARY PROVIDERS WORKING TOGETHE R TO PROMOTE HIGH QUALITY, COORDINATED AND EFFICIENT CARE TO PATIENTS INCLUDING MEMBERS OF VARIOUS MANAGED CARE PAYORS AND THE COMMUNITY AT LARGE THE GENESIS ACO HAD NO FINANCIAL ACTIVITY DURING THE YEAR ENDED JUNE 30, 2012</p>

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

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 42-1418847  
**Name:** GENESIS HEALTH SYSTEM

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

[illegible]

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

[illegible]

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

[illegible]

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization  
GENESIS HEALTH SYSTEM

Employer identification number  
42-1418847

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
See Additional Data Table							

2

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

16

3

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

8



Part IIIGrants 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
(1) MEDICAL SUPPLIES TO INDIVIDUALS	1244		88,512	FAIR MARKET VALUE	MEDICAL SUPPLIES
(2) GRANTS FOR RESEARCH STUDIES	186	281,161			

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

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

Software ID:  
Software Version:  
EIN: 42-1418847  
Name: GENESIS HEALTH SYSTEM

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST1227 EAST RUSHOLME STREET DAVENPORT, IA 52803	39-1905171	501(C)(3)	617,163				CLAIM PAYMENTS
GENESIS HEALTH SERVICES FOUNDATION1227 EAST RUSHOLME STREET DAVENPORT, IA 52803	42-1421670	501(C)(3)	186,422	11,175	FMV	ADVERTISING SPACE IN THE QC TIMES & DISPATCH/ARGUS NEWSPAPERS	HEALTHCARE RELATED CONTRIBUTIONS, GOLF CHALLENGE SPONSORSHIP

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
BALLET QUAD CITIES613 17TH STREET ROCK ISLAND, IL 61201	42-1366753	501(C)(3)	7,000				SEASONAL SPONSORSHIP
BIX-7 - QUAD CITY TIMES2685 E KIMBERLY ROAD BETTENDORF, IA 52722	42-0823980		40,000				SPONSORSHIP FOR BIX RACE

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
DAVENPORT ONE 130 WEST SECOND STREET DAVENPORT, IA 52801	42- 1500610	501(C)(6)	50,000				SPONSORSHIP - RED, WHITE, & BOOM, BEAUTIFICATION PROJECT - DOWNTOWN STREETSCAPE, IA/IL LEGISLATIVE FORUMS, QC CAMPAIGNS
SCOTT COUNTY FAMILY Y606 WEST 2ND STREET DAVENPORT, IA 52801	42- 0703278	501(C)(3)	25,500				SPONSORSHIP FOR CAMP GENESIS AND PARTNER WITH YOUTHS

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
ST AMBROSE UNIVERSITY518 WEST LOCUST STREET DAVENPORT, IA 52804	42-0703280	501(C)(3)	218,000				CONTRIBUTION TOWARDS HEALTH SCIENCE BUILDING
TAPE2TAPE SPORTS & ENTERTAINMENT - QC MALLARDS1201 RIVER DRIVE MOLINE,IL 61265	36-4704618		36,000				2012 SPONSORSHIP

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
COMMUNITY HEALTH CARE500 W RIVER DRIVE DAVENPORT, IA 52801	42-1060724	501(C)(3)	50,000				DONATION TO ORGANIZATION THAT AIDS INDIVIDUALS WHO DO NOT HAVE MEDICAL OR DENTAL COVERAGE
DEWITT AREA FOUNDATIONPO BOX 260 DEWITT,IA 52742	42-1296691	501(C)(3)	50,000				2012 STAR PLEDGE, ARTS & RECREATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
RICK'S HOUSE OF HOPE1227 EAST RUSHOLME STREET DAVENPORT,IA 52803	24-1914034	501(C)(3)	19,500				SEASONAL SPONSORSHIP
GILDA'S CLUB QUAD CITIES1234 E RIVER DRIVE DAVENPORT,IA 52803	42-1446989	501(C)(3)	33,200				SPONSORSHIP FOR CAMP GENESIS

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
PUTNAM MUSEUM 1717 WEST 12TH STREET DAVENPORT, IA 52804	42-0680474	501(C)(3)	25,000				SPONSORSHIP FOR DINOSAURS UNLEASHED PROGRAM
RIVERCENTER136 EAST THIRD STREET DAVENPORT, IA 52801	42-1463763		5,000				SPONSORSHIP FOR RIVERDANCE



**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
I WIRELESS CENTER1201 RIVER DRIVE MOLINE,IL 61265	36-3482673		20,000				SPONSORSHIP VIDEOWALL/ESCROW & SKATING
FIGGE ART MUSEUM225 W 2ND ST DAVENPORT,IA 52801	42-6090398	501(C)(3)	5,000				SPONSORSHIP FOR FINS AND FEATHERS EXHIBIT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
SUSAN G KOMEN BREAST CANCER 5005 LBJ FREEWAY DALLAS, TX 75244	75-1835298	501(C)(3)	37,749				SPONSORSHIP FOR RACE FOR THE CURE
UNIVERSITY OF IOWA MEDICAL SERVICE PLAN200 HAWKINS DRIVE IOWA CITY, IA 52242	42-6004813	501(C)(3)	20,000				CONTRIBUTION TOWARD PUBLIC HEALTH BUILDING

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
WQAD- TV3313 SOLUTIONS CENTER CHICAGO, IL 60677	20-8614101		17,500				SPONSORSHIP FOR TERRY SWAILS CHILDREN'S BOOK
QUAD CITIES BICYCLE CLUB 2833 KELLING STREET DAVENPORT, IA 52804	42-1074130	501(C)(4)	10,000				SPONSORSHIP FOR THE CRITERIUM MEMORIAL DAY BIKE RACES

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
QUAD CITY SYMPHONY327 BRADY STREET DAVENPORT, IA 52801	42-6017663	501(C)(3)	10,000				SPONSORSHIP OF SUPPORT POEMS AND FATE CONCERT
QUAD CITIES RIVER BANDITS 209 GAINES ST DAVENPORT, IA 52801	11-3804992		5,250				SPONSORSHIP FOR SEASONAL EVENTS DURING THE BANDIT'S GAMES

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN HEART ASSOCIATION460 LINDBERGH BLVD ST LOUIS, MO 63141	13-5613797	501(C)(3)	5,000				HEART WALK 2012 SPONSORSHIP
IOWA - ILLINOIS HIGH SCHOOL BASKETBALL SHOOTOUT LTD516 EAST DOVER COURT DAVENPORT, IA 52803	83-0413194	501(C)(3)	6,000				SPONSORSHIP - POWER SPORTS PERFORMANCE SHOOTOUT EVENT

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
GENESIS HEALTH SYSTEM

Employer identification number  
42-1418847

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate 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			
	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use		
	<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence		
	<input checked="" type="checkbox"/> Tax idemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees		
	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> 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 or provision 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			
	<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract		
	<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study		
	<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> 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 accrued 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		

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.

[illegible]

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	GENESIS HEALTH SYSTEM PROVIDES THE FOLLOWING TO INDIVIDUALS REPORTED IN PART VII, SECTION A, LINE 1A: TRAVEL FOR COMPANIONS. THIS BENEFIT IS OFFERED TO ALL EMPLOYEES. THE ORGANIZATION REQUIRES REIMBURSEMENT OF THESE EXPENSES DIRECTLY TO THE ORGANIZATION. GROSS-UP PAYMENTS. THIS BENEFIT IS OFFERED TO QUALIFYING EXECUTIVES WHO HAD CONTRIBUTIONS MADE ON THEIR BEHALF IN THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN. CONTRIBUTIONS TO THE PLAN ARE INCLUDED WITH REPORTABLE COMPENSATION FOR INDIVIDUALS WITH VESTED CONTRIBUTIONS.
	PART I, LINE 4B	THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVING BENEFIT PLAN IN 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA: JEFFREY M. COOPER - \$46,637, ROBERT W. FRIEDEN - \$80,498, WILLIAM LANGLEY, M.D. - \$66,768, ROBERT M. NELSON, M.D. - \$26,086, JUDITH K. PRANGER - \$142,899, AND MIKE L. SHARP - \$60,684. THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2011. THIS INFORMATION IS INCLUDED IN REPORTABLE COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J, PART II. THE FOLLOWING INDIVIDUALS ALSO PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA: DOUGLAS P. CROPPER - \$212,256, HEIDI S. KAHLY-MCMAHON - \$44,290, RICHARD M. KISHIUE, M.D. - \$25,545, ROBERT M. NELSON, M.D. - \$26,086, MARK G. ROGERS - \$88,100, MIKE L. SHARP - \$19,093, AND FLORENCE L. SPYROW - \$91,478. THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2011. THIS INFORMATION IS INCLUDED IN DEFERRED COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J, PART II.
SUPPLEMENTAL INFORMATION	PART III	PART II, COLUMN F: THE FOLLOWING INDIVIDUALS ALSO PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2009, 2010, AND 2011 SPONSORED BY GENESIS HEALTH SYSTEM - IOWA: JUDITH K. PRANGER - \$89,919 AND MIKE L. SHARP - \$39,942. THE DOLLAR AMOUNT REPRESENTS THE PRIOR YEAR CONTRIBUTIONS MADE BY GENESIS HEALTH SYSTEM - IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2009 AND 2010. THIS INFORMATION WAS INCLUDED IN DEFERRED COMPENSATION ON THE PRIOR YEARS' FORM 990, PART VII AND SCHEDULE J, PART II. THESE INDIVIDUALS REACHED A SPECIFIED LEVEL OF VESTING IN 2011, SO THE DOLLAR AMOUNT IS NOW INCLUDED IN REPORTABLE COMPENSATION ON THE CURRENT YEAR FORM 990, PART VII AND SCHEDULE J, PART II. THE DOLLAR AMOUNT IS ALSO LISTED AS COMPENSATION REPORTED IN PRIOR FORM 990 ON THE CURRENT YEAR FORM 990, SCHEDULE J, PART II.



Software ID:  
 Software Version:  
 EIN: 42-1418847  
 Name: GENESIS HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DOUGLAS P CROPPER	(i) (ii)	560,169 0	0 0	40,824 0	222,056 0	24,405 0	847,454 0	0 0
GEORGE J KONTOS JR MD	(i) (ii)	494,699 0	0 0	40,772 0	9,800 0	18,216 0	563,487 0	0 0
MARK G ROGERS	(i) (ii)	254,279 0	0 0	53,248 0	101,521 0	13,046 0	422,094 0	0 0
WAYNE A DIEWALD	(i) (ii)	21,903 0	175,000 0	20 0	0 0	0 0	196,923 0	0 0
ROBERT W FRIEDEN	(i) (ii)	230,319 0	0 0	94,875 0	15,894 0	20,501 0	361,589 0	0 0
RICHARD M KISHIUE MD	(i) (ii)	278,651 0	0 0	39,699 0	40,245 0	9,133 0	367,728 0	0 0
JULIE MANAS	(i) (ii)	190,053 0	0 0	188,683 0	7,157 0	10,789 0	396,682 0	0 0
JUDITH K PRANGER	(i) (ii)	183,585 0	0 0	168,464 0	57,689 0	12,355 0	422,093 0	89,919 0
FLORENCE L SPYROW	(i) (ii)	152,780 130,146	0 0	13,015 11,087	54,690 46,588	1,225 1,044	221,710 188,865	0 0
NICHOLAS AUGELLI MD	(i) (ii)	655,608 0	0 0	38,859 0	12,250 0	16,957 0	723,674 0	0 0
STEVEN B BASHOR DO	(i) (ii)	450,368 0	10,952 0	54,400 0	2,450 0	23,091 0	541,261 0	0 0
ROBERT FIETSAM MD	(i) (ii)	503,942 0	0 0	21,043 0	9,800 0	17,749 0	552,534 0	0 0
TODD RIDENOUR MD	(i) (ii)	807,091 0	0 0	40,504 0	17,150 0	19,211 0	883,956 0	0 0
CALVIN J SLOT MD	(i) (ii)	426,035 0	29,700 0	23,741 0	7,869 0	9,279 0	496,624 0	0 0
JEFFREY M COOPER	(i) (ii)	136,632 0	0 0	62,365 0	11,265 0	20,956 0	231,218 0	0 0
HEIDI S KAHLY-MCMAHON	(i) (ii)	161,960 0	0 0	17,616 0	55,206 0	18,420 0	253,202 0	0 0
WILLIAM LANGLEY MD	(i) (ii)	221,240 0	0 0	120,981 0	58,509 0	16,167 0	416,897 0	0 0
ROBERT M NELSON MD	(i) (ii)	178,775 0	0 0	67,856 0	38,686 0	15,862 0	301,179 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MIKE L SHARP	(i)	143,246	0	82,433	57,390	14,917	297,986	39,942
	(ii)	0	0	0	0	0	0	0
CRAIG SOMMERS	(i)	119,500	0	15,689	5,529	17,227	157,945	0
	(ii)	0	0	0	0	0	0	0

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
GENESIS HEALTH SYSTEM

Employer identification number  
42-1418847

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A IOWA FINANCE AUTHORITY	52-1699886	46246PLP4	06-24-2010	95,545,195	REFUND 12-23-97 AND 08-02-00 BOND ISSUE, RENOVATE AND EQUIP FACILITY		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	5,605,000							
2	Amount of bonds defeased								
3	Total proceeds of issue	95,545,195							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	1,367,299							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	23,389,253							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III

Private Business Use

				A		B		C		D	
				Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?				X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?				X						

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X							
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 910 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %							
6	Total of lines 4 and 5	0 910 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?	X							

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☒ Yes ☐ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons  
▶ Complete if the organization answered  
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,  
or Form 990-EZ, Part V lines 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047  
**2011**  
Open to Public Inspection

Name of the organization  
GENESIS HEALTH SYSTEM

Employer identification number  
  
42-1418847

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

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?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total . . . . . ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - WELLMARK HEALTH PLAN OF IOWA, INC	DOUGLAS P CROPPER IS THE BOARD PRESIDENT/CEO OF GHS AND A DIRECTOR ON THE BOARD OF WELLMARK HEALTH PLAN OF IOWA, INC
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - GENVENTURES, INC	MARK G ROGERS AND ROGER A HILL ARE OFFICERS, FLORENCE L SPYROW IS A KEY EMPLOYEE, JAMES A KOEHLER IS A DIRECTOR, AND MIKE SHARP IS A FORMER KEY EMPLOYEE OF GHS AND ARE REPORTED ON THE FORM 990, PART VII DURING THE TAX YEAR, MARK G ROGERS, ROGER A HILL, JAMES W KOEHLER, AND MIKE SHARP WERE OFFICERS OF GENVENTURES, INC , AND FLORENCE L SPYROW WAS A DIRECTOR OF GENVENTURES, INC
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - GREGORY J BUSH	GREGORY J BUSH, THE TREASURER OF GHS, IS CHAIRMAN OF BUSH CONTRUCTION COMPANY INC
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - ERIN E MOORE-WATERMAN	ERIN E MOORE-WATERMAN IS THE DAUGHTER-IN-LAW OF C DANA WATERMAN, DIRECTOR OF GHS
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - HEALTH ENTERPRISES	DOUGLAS P CROPPER IS THE BOARD PRESIDENT/CEO OF GHS AND A DIRECTOR ON THE BOARD OF HEALTH ENTERPRISES
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - NAVIGANT CONSULTING, INC	THOMAS A GILDEHAUS IS A DIRECTOR OF NAVIGANT CONSULTING, INC AND A DIRECTOR OF THE GHS BOARD
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - LARSON CENTER PARTNERSHIP	FLORENCE L SPYROW IS A KEY EMPLOYEE OF GHS-IA AND THE VOTING REPRESENTATIVE IN THE LARSON CENTER PARTNERSHIP FOR GHS-IL, A PARTNER IN THE LARSON CENTER PARTNERSHIP
FORM 990, SCHEDULE L , PART IV, COLUMN B	DESCRIPTION OF RELATIONSHIP - LISA ROGALSKI	LISA ROGALSKI IS DAUGHTER-IN-LAW OF DR EDWARD ROGALSKI, PAST CHAIRMAN OF GHS

Additional Data

Software ID:  
Software Version:  
EIN: 42-1418847  
Name: GENESIS HEALTH SYSTEM

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
WELLMARK HEALTH PLAN OF IOWA INC	SEE BELOW IN PART V	84,905,790	GENESIS HEALTH SYSTEM (GHS) HAS A PROVIDER SERVICE AGREEMENT FOR PATIENT MEDICAL SERVICES AND RECEIVES ADDITIONAL INCOME FOR QUALITY HEALTHCARE SERVICES FROM WELLMARK HEALTH PLAN OF IOWA, INC		No
GENVENTURES INC	SEE BELOW IN PART V	26,096,484	GENVENTURES, INC PAID GHS AS A COMMON PAYMASTER AND REIMBURSEMENT OF INTEREST		No
GENVENTURES INC	SEE BELOW IN PART V	24,119,221	GHS PAID GENVENTURES, INC FOR LEASE PAYMENTS, MEDICAL SUPPLIES, AND LAUNDRY SERVICES		No
WELLMARK HEALTH PLAN OF IOWA INC	SEE BELOW IN PART V	23,438,126	GHS OBTAINS EMPLOYEE HEALTH INSURANCE COVERAGE AND ISSUES REFUNDS FOR OVERPAYMENTS TO WELLMARK HEALTH PLAN OF IOWA, INC		No
NAVIGANT CONSULTING INC	SEE BELOW IN PART V	3,201,661	GHS USES SERVICES PROVIDED BY NAVIGANT CONSULTING, INC		No
LARSON CENTER PARTNERSHIP	SEE BELOW IN PART V	1,252,644	FACILITY LEASE PAYMENTS		No
BUSH CONSTRUCTION COMPANY INC	SEE BELOW IN PART V	234,667	GHS USES SERVICES PROVIDED BY BUSH CONSTRUCTION COMPANY, INC		No
HEALTH ENTERPRISES	SEE BELOW IN PART V	158,009	HEALTH SUPPORT SERVICES		No
QUAD CITY BANK & TRUST	MARK KILMER IS THE CHAIRMAN OF QCB&T, AND A DIRECTOR OF GHS	150,186	GHS USES SERVICES PROVIDED BY QUAD CITY BANK & TRUST		No
EDWARD TED J ROGALSKI	EDWARD J ROGALSKI IS THE SON OF DR EDWARD ROGALSKI, PAST CHAIRMAN OF GHS	130,650	EDWARD J ROGALSKI RECEIVES COMPENSATION FROM GHS AS MERCER COUNTY HOSPITAL ADMINISTRATOR		No
JW KOEHLER ELECTRIC INC	JAMES W KOEHLER, A DIRECTOR OF GHS, OWNS KOEHLER ELECTRIC	108,475	GHS USES SERVICES PROVIDED BY KOEHLER ELECTRIC		No
LISA ROGALSKI	SEE BELOW IN PART V	99,009	LISA ROGALSKI RECEIVES COMPENSATION FROM GHS AS THE DIRECTOR OF MATERIALS MANAGEMENT		No

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
BARBARA P PARK	BARBARA P PARK IS THE DAUGHTER OF JUDITH PRANGER, KEY EMPLOYEE OF GHS	50,382	BARBARA P PARK RECEIVES COMPENSATION FROM GHS AS A PHYSICAL THERAPIST		No
ERIN E MOORE-WATERMAN	SEE BELOW IN PART V	40,792	ERIN MOORE-WATERMAN RECIEVES COMPENSATION FROM GHS AS A MEDICAL LIBRARIAN		No



**SCHEDULE O**  
(Form 990 or 990-EZ)Department of the Treasury  
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.**  
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

**2011****Open to Public  
Inspection**Name of the organization  
GENESIS HEALTH SYSTEM**Employer identification number**

42-1418847

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

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

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

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

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -1,731,787 CHANGE IN FUNDED STATUS OF RETIREMENT -15,464,620 CHANGE IN NET ASSETS OF FOUNDATION 109,853 TOTAL TO FORM 990, PART XI, LINE 5 -17,086,554

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

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

SCHEDULE R (Form 990)  <div>Department of the Treasury Internal Revenue Service</div>	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

Name of the organization GENESIS HEALTH SYSTEM	Employer identification number 42-1418847
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Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) GENESIS OUTPATIENT PHYSICAL THERAPY LLC 1227 EAST RUSHOLME ST DAVENPORT, IA 52803 20-8389282	OUTPATIENT PHYSICAL THERAPY SERVICES	IA	0	0	GENESIS HEALTH SYSTEM - 42-1418847
(2) GENESIS ACCOUNTABLE CARE ORGANIZATION LLC 1227 EAST RUSHOLME ST DAVENPORT, IA 52803 45-4168932	ACCOUNTABLE CARE SERVICES	IA	0	0	GENESIS HEALTH SYSTEM - 42-1418847
(3) SPIN ECHO LLC 1227 EAST RUSHOLME ST DAVENPORT, IA 52803 42-1491373	PROPERTY MANAGEMENT	IA	83,862	1,614,570	GENVENTURES INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) GENESIS HEALTH SYSTEM - ILLINOIS  801 ILLINI DRIVE  SILVIS, IL 61282 36-3616314	HEALTHCARE	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(2) GENESIS HEALTH SERVICES FOUNDATION  1227 EAST RUSHOLME STREET  DAVENPORT, IA 52803 42-1421670	CHARITY	IA	501(C)(3)	LINE 7	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(3) ILLINI HOSPITAL FOUNDATION  801 ILLINI DRIVE  SILVIS, IL 61282 36-6208583	CHARITY	IL	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 36-3616314	Yes	
(4) GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST  1227 EAST RUSHOLME STREET  DAVENPORT, IA 52803 39-1905171	EMPLOYEE/BENEFIT/TRUST	IA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(5) DAVENPORT HOSPITAL AMBULANCE CORPORATION  1204 EAST HIGH STREET  DAVENPORT, IA 52803 42-1186903	AMBULANCE TRANSFERS	IA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42-1418847	Yes	
(6) GENESIS SENIOR LIVING ALEDO  309 NW NINTH AVENUE  ALEDO, IL 61231 45-4475803	SENIOR LIVING SERVICES	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	
(7) GENESIS MEDICAL CENTER ALEDO  409 NW NINTH AVENUE  ALEDO, IL 61231 45-4475683	HEALTHCARE	IL	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM 36-3616314	Yes	



Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(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	
(1) GENGASTRO LLC  2222 53RD AVENUE BETTENDORF, IA 52722 56-2315623	AMBULATORY SURGERY CENTER	IA	GENESIS HEALTH SYSTEM 42-1418847	RELATED	2,702,990	161,232		No			No	91 340 %
(2) SPRING PARK SURGERY CENTER LLC  3319 SPRING STREET STE 202A DAVENPORT, IA 52807 42-1483989	OUTPATIENT SURGICAL CENTER	IA	GENESIS HEALTH SYSTEM 42-1418847	RELATED	1,002,987	2,754,658		No			No	75 090 %
(3) LARSON CENTER PARTNERSHIP  801 ILLINI DRIVE SILVIS, IL 61282 36-3738454	PROPERTY MANAGEMENT	IL	N/A									
(4) DAVENPORT SRS LEASING LLC  1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 26-1655144	LEASING	IA	GENESIS HEALTH SYSTEM 42-1418847	RELATED	-410,568			No		Yes		93 750 %
(5) GENORTHO LLC  2300 53RD AVENUE BETTENDORF, IA 52722 20-3406994	ORTHOPAEDIC SURGERY CENTER	IA	GENESIS HEALTH SYSTEM 42-1418847	RELATED	1,031,617	484,880		No			No	52 220 %
(6) GENRAD IMAGING LLC  1970 E 53RD ST DAVENPORT, IA 52807 45-3571628	OUTPATIENT RADIOLOGY SERVICES	IA	GENESIS HEALTH SYSTEM 42-1418847	RELATED				No			No	50 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) GENVENTURES INC 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1269171	SUPPORT SERVICES/PROPERTY MANAGEMENT	IA	GENESIS HEALTH SYSTEM 42-1418847	C	-1,473,375	47,550,226	100 000 %
(2) GENESIS HEART INSTITUTE 1236 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1504979	HEALTHCARE MANAGEMENT	IA	GENESIS HEALTH SYSTEM 42-1418847	C			100 000 %
(3) MISERICORDIA ASSURANCE COMPANY LTD PO BOX 1051 GRAND CAYMAN CJ 98-0457943	OTHER FINANCIAL VEHICLE	CJ	GENESIS HEALTH SYSTEM 42-1418847	C		27,243,834	100 000 %
(4) MOB 1 OWNERS' ASSOCIATION 1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 27-0865075	PROPERTY MANAGEMENT	IA	N/A	C			

Part V

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

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

1

During the tax year, did the organization 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

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

Yes

1e

No

1f

Yes

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

Yes

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

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

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:  
Software Version:  
EIN: 42-1418847  
Name: GENESIS HEALTH SYSTEM

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	g Section 512 (b)(13) controlled organization	
GENESIS HEALTH SYSTEM - ILLINOIS  801 ILLINI DRIVE SILVIS, IL 61282 36-3616314	HEALTHCARE	IL	501(C) (3)	LINE 3	GENESIS HEALTH SYSTEM 42- 1418847	Yes	
GENESIS HEALTH SERVICES FOUNDATION  1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 42-1421670	CHARITY	IA	501(C) (3)	LINE 7	GENESIS HEALTH SYSTEM 42- 1418847	Yes	
ILLINI HOSPITAL FOUNDATION  801 ILLINI DRIVE SILVIS, IL 61282 36-6208583	CHARITY	IL	501(C) (3)	LINE 11A, I	GENESIS HEALTH SYSTEM 36- 3616314	Yes	
GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST  1227 EAST RUSHOLME STREET DAVENPORT, IA 52803 39-1905171	EMPLOYEE/BENEFIT/TRUST	IA	501(C) (3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42- 1418847	Yes	
DAVENPORT HOSPITAL AMBULANCE CORPORATION  1204 EAST HIGH STREET DAVENPORT, IA 52803 42-1186903	AMBULANCE TRANSFERS	IA	501(C) (3)	LINE 11A, I	GENESIS HEALTH SYSTEM 42- 1418847	Yes	
GENESIS SENIOR LIVING ALEDO  309 NW NINTH AVENUE ALEDO, IL 61231 45-4475803	SENIOR LIVING SERVICES	IL	501(C) (3)	LINE 3	GENESIS HEALTH SYSTEM 36- 3616314	Yes	
GENESIS MEDICAL CENTER ALEDO  409 NW NINTH AVENUE ALEDO, IL 61231 45-4475683	HEALTHCARE	IL	501(C) (3)	LINE 3	GENESIS HEALTH SYSTEM 36- 3616314	Yes	

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1) GENVENTURES INC	A	1,019,137	FAIR MARKET VALUE
(2) DAVENPORT HOSPITAL AMBULANCE CORPORATION	A	21,875	FAIR MARKET VALUE
(3) GENVENTURES INC	A	416,653	FAIR MARKET VALUE
(4) GENESIS HEALTH SYSTEM WORKERS COMPENSATION PLAN & TRUST	B	617,163	FAIR MARKET VALUE
(5) GENESIS HEALTH SERVICES FOUNDATION	B	197,597	FAIR MARKET VALUE
(6) GENESIS HEALTH SERVICES FOUNDATION	C	477,480	FAIR MARKET VALUE
(7) GENVENTURES INC	D	3,822,163	FAIR MARKET VALUE
(8) GENESIS HEALTH SYSTEM - ILLINOIS	F	1,860,599	FAIR MARKET VALUE
(9) GENVENTURES INC	I	416,653	FAIR MARKET VALUE
(10) GENESIS HEALTH SYSTEM - ILLINOS	J	229,443	FAIR MARKET VALUE
(11) GENVENTURES INC	J	6,907,046	FAIR MARKET VALUE
(12) LARSON CENTER PARTNERSHIP	J	638,394	FAIR MARKET VALUE
(13) LARSON CENTER PARTNERSHIP	J	614,250	FAIR MARKET VALUE
(14) DAVENPORT HOSPITAL AMBULANCE CORPORATION	L	129,456	FAIR MARKET VALUE
(15) GENESIS HEALTH SYSTEM - ILLINOS	L	8,190,651	FAIR MARKET VALUE
(16) MISERICORDIA ASSURANCE COMPANY LTD	L	3,780,845	FAIR MARKET VALUE
(17) GENESIS HEALTH SERVICES FOUNDATION	O	691,562	FAIR MARKET VALUE
(18) GENESIS HEALTH SYSTEM - ILLINOS	O	6,037,468	FAIR MARKET VALUE
(19) GENESIS HEALTH SYSTEM - ILLINOS	P	89,420,979	FAIR MARKET VALUE
(20) GENVENTURES INC	P	24,660,694	FAIR MARKET VALUE

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(21)	GENESIS HEALTH SERVICES FOUNDATION	P	3,262,221	FAIR MARKET VALUE
(22)	GENESIS HEALTH SYSTEM WORKERS COMPENSATION PLAN & TRUST	P	1,661,955	FAIR MARKET VALUE
(23)	DAVENPORT HOSPITAL AMBULANCE CORPORATION	P	315,879	FAIR MARKET VALUE
(24)	MISERICORDIA ASSURANCE COMPANY LTD	P	1,702,781	FAIR MARKET VALUE
(25)	GENESIS HEALTH SYSTEM - ILLINOS	Q	229,443	FAIR MARKET VALUE
(26)	GENVENTURES INC	Q	6,907,046	FAIR MARKET VALUE
(27)	LARSON CENTER PARTNERSHIP	Q	638,394	FAIR MARKET VALUE
(28)	DAVENPORT HOSPITAL AMBULANCE CORPORATION	Q	129,456	FAIR MARKET VALUE
(29)	GENESIS HEALTH SYSTEM - ILLINOS	Q	8,190,651	FAIR MARKET VALUE
(30)	MISERICORDIA ASSURANCE COMPANY LTD	Q	3,780,845	FAIR MARKET VALUE
(31)	GENESIS HEALTH SYSTEM - ILLINOS	Q	89,420,979	FAIR MARKET VALUE
(32)	GENVENTURES INC	Q	24,660,694	FAIR MARKET VALUE
(33)	GENESIS HEALTH SERVICES FOUNDATION	Q	3,262,221	FAIR MARKET VALUE
(34)	GENESIS HEALTH SYSTEM WORKERS COMPENSATION PLAN & TRUST	Q	1,661,955	FAIR MARKET VALUE
(35)	DAVENPORT HOSPITAL AMBULANCE CORPORATION	Q	315,879	FAIR MARKET VALUE
(36)	MISERICORDIA ASSURANCE COMPANY LTD	Q	1,702,781	FAIR MARKET VALUE
(37)	LARSON CENTER PARTNERSHIP	Q	614,250	FAIR MARKET VALUE
(38)	GENVENTURES INC	Q	8,403,418	FAIR MARKET VALUE
(39)	GENVENTURES INC	Q	4,986,594	FAIR MARKET VALUE
(40)	DAVENPORT HOSPITAL AMBULANCE CORPORATION	Q	56,992	FAIR MARKET VALUE

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(41)	GENRAD IMAGING LLC	Q	1,873,277	FAIR MARKET VALUE
(42)	GENESIS HEALTH SYSTEM WORKERS COMPENSATION PLAN & TRUST	Q	418,863	FAIR MARKET VALUE
(43)	GENESIS HEALTH SERVICES FOUNDATION	R	691,562	FAIR MARKET VALUE
(44)	GENVENTURES INC	R	8,403,418	FAIR MARKET VALUE
(45)	GENVENTURES INC	R	4,986,594	FAIR MARKET VALUE
(46)	DAVENPORT HOSPITAL AMBULANCE CORPORATION	R	56,992	FAIR MARKET VALUE
(47)	GENESIS HEALTH SYSTEM - ILLINOS	R	6,037,468	FAIR MARKET VALUE
(48)	GENGASTRO LLC	R	2,701,089	FAIR MARKET VALUE
(49)	SPRING PARK SURGERY CENTER LLC	R	969,180	FAIR MARKET VALUE
(50)	GENORTHO LLC	R	1,006,125	FAIR MARKET VALUE

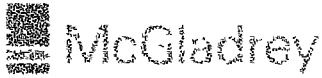


# **Genesis Health System and Related Organizations**

Consolidated Financial Report  
June 30, 2012

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## Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheets of Genesis Health System and related organizations (System) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Misericordia Assurance Company, Ltd., a consolidated subsidiary, which statements reflect total assets and revenue constituting approximately 4% and 1%, respectively, of the related consolidated totals in 2012 and 2011. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Misericordia Assurance Company, Ltd., is based solely on the report of the other auditors.

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

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

*McGladrey LLP*

Davenport, Iowa  
 October 24, 2012

**Genesis Health System  
and Related Organizations**

**Consolidated Balance Sheets  
June 30, 2012 and 2011**

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

See Notes to Consolidated Financial Statements

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

**Genesis Health System  
and Related Organizations**

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

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

See Notes to Consolidated Financial Statements

**Genesis Health System  
and Related Organizations**

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

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

See Notes to Consolidated Financial Statements

**Genesis Health System  
and Related Organizations**

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

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

(Continued)



**Genesis Health System  
and Related Organizations**

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

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

See Notes to Consolidated Financial Statements

## Genesis Health System and Related Organizations

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies

##### Nature of business:

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

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

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

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

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

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

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

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

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

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

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

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

**The Larson Center Partnership (LCP)** is a for-profit real estate partnership which owns a medical office building adjacent to GMC – Illini and leases space for clinics, laboratory, pharmacy and offices to GMC – Illini and other third-party organizations. GHS Illinois is a general partner and owns approximately 75.6% of LCP.

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

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

**GenGastro, LLC (d/b/a the Center for Digestive Health)** is a limited liability company, which was formed in 2003, a single-specialty gastroenterology ambulatory surgery center located in Bettendorf, Iowa. In December 2010, Genesis Health System acquired an additional 16.67% interest in GenGastro and maintained a 66.67% ownership interest as of June 30, 2011. Upon obtaining a controlling interest, the System consolidated the accounts of GenGastro, LLC in its consolidated financial statements in January 2011. During the year ended June 30, 2012, Genesis Health System acquired an additional 8.33% interest in GenGastro, LLC from noncontrolling interests and maintains a 75% ownership interest as of June 30, 2012.

**Davenport SRS Leasing, LLC (SRS)** is a limited liability company, which was formed in 2008, which leases medical equipment. Genesis Health System maintained a 93.75% ownership interest as of June 30, 2011. During the year ended June 30, 2012, GMC – Davenport acquired the remaining interest of SRS, to obtain 100% ownership. Upon obtaining 100% ownership, the assets, liabilities and operations of SRS were transferred to GMC – Davenport and SRS was dissolved.

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

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

**Significant accounting policies:**

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

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

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

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

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

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

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

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

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

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

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

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

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

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

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

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

Noncontrolling interests The System had a 93.75% interest in Davenport SRS Leasing through December 31, 2011 when GMC-Davenport obtained 100% ownership of SRS Leasing. The System has a 75.0% interest in GenGastro, LLC and a 75.6% interest in The Larson Center Partnership, LLC, while other members own a noncontrolling interest of the companies. A pro rata share of the income or losses and net assets, in the form of members' equity, applicable to this interest has been recognized in the System's consolidated financial statements.

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

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

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

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

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



**Genesis Health System  
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**Notes to Consolidated Financial Statements**

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

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

Excess of revenue over expenses The consolidated statements of operations and changes in net assets include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include the change in unrealized gains and losses on investments classified as other-than-trading, permanent transfers of assets for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), and change in unrecognized funded status of the retirement plan.

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

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

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 2. Net Patient Service Revenue**

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

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

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

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

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

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

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**Note 2. Net Patient Service Revenue (Continued)**

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

**Note 3. Charity Care and Community Service**

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

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

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 3. Charity Care and Community Service (Continued)**

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

**Note 4. Receivables**

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

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

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

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

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**Note 6. Investments and Fair Value Measurements**

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

The fair value hierarchy is as follows:

- Level 1      Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date
- Level 2      Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Level 2 investments also include market alternatives, measured using the practical expedient, that do not have any significant redemption restrictions, lock ups, gates or other characteristics that would cause liquidation and report date NAV to be significantly different.
- Level 3      Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 6. Investments and Fair Value Measurements (Continued)**

**Assets recorded at fair value on a recurring basis:**

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

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



**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 6. Investments and Fair Value Measurements (Continued)**

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 6. Investments and Fair Value Measurements (Continued)**

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

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

- (A) PIMCO Cayman U S Total Return Fund is an open-end investment fund incorporated in the Cayman Islands. The Fund's objective is maximum total return, consistent with preservation of capital and prudent investment management. The System has used the NAV as the practical expedient to measure fair value.
- (B) The JP Morgan Core Bond Trust fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate and long-term debt securities. The System has used the NAV as the practical expedient to measure fair value.
- (C) JP Morgan U S Aggregate Bond Fund is an open-end investment fund incorporated in Luxembourg. The Fund's objective is to achieve return in excess of U S bond markets by investing primarily in U S fixed and floating rate debt securities. The System has used the NAV as the practical expedient to measure fair value.

**Note 7. Property and Equipment**

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

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

- (A) Land and land improvements include assets under capital lease as of June 30, 2012 and 2011 of \$1,153,678.
- (B) Buildings include assets under capital lease as of June 30, 2012 and 2011 of \$22,272,145.
- (C) Equipment includes assets under capital lease as of June 30, 2012 and 2011 of \$9,436,085.

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 8. Long-Term Debt and Pledged Assets**

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

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

- (A) During fiscal year 2010, GHS Iowa issued Iowa Finance Authority Healthcare Revenue Bonds, Series 2010. The Series 2010 bonds, which had an original principal balance of \$90,995,000 and were issued at a premium of \$3,799,486, have payments due July 1, annually, and mature in varying amounts through July 1, 2026 and bear interest at 5.0%. The Series 2010 bonds are secured by a pledge of the Obligated Group's unrestricted receivables. The proceeds of the bonds were used to extinguish the 1997 and 2000 Series bonds.

There are a number of limitations and restrictions contained in the Master Trust Indenture, the most significant of which is for the Obligated Group to maintain a minimum debt service coverage ratio of 1.10 to 1.

- (B) During fiscal year 2009, SRS entered into a capital lease agreement, due in monthly installments of \$122,135, including interest at 7.68% with final payment due in March 2016. The lease is secured by equipment. The depreciated cost of the equipment under this capital lease is approximately \$3,732,000 as of June 30, 2012. As described in Note 1, during the year ended June 30, 2012, GMC – Davenport obtained 100% ownership of SRS and SRS' capital lease obligation was transferred to GMC – Davenport.

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

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

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

The Series 2010 general obligation bonds (alternative revenue source) have an outstanding principal balance of \$7,750,000. These bonds were issued to advance refund \$8,740,000 of the outstanding Series 2001 general obligation bonds (alternative revenue source). The Series 2010 bonds bear interest at rates varying from 1.65% to 4.53%, which is payable on January 1 and July 1. The bonds mature in varying amounts from \$680,000 to \$905,000 through January 2022.

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

- (D) Genesis Health System – Iowa and Genesis Health System – Illinois, collectively, represent the Obligated Group on the revenue bond obligations.
- (E) GenVentures' bank note is due in monthly payments of \$10,200, including interest at a variable rate, 6.95% as of June 30, 2012, through August 2016, secured by building and land. Under this agreement, GenVentures is required to maintain certain restrictive covenants including a minimum tangible net worth and a minimum debt service coverage ratio.
- (F) LCP has a \$1,500,000 line of credit with a bank which matures March 29, 2014. The current balance of the line of credit is due in monthly installments of \$44,304, including interest at 3.96%, through December 15, 2012. The note is collateralized by all property and equipment of LCP.

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

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

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

**Note 9. Employee Retirement Plans**

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 9. Employee Retirement Plans (Continued)**

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 9. Employee Retirement Plans (Continued)**

	2012	2011
Amounts not yet recognized as components of net periodic pension cost		
Net actuarial loss	\$ 73,750,845	\$ 58,601,688
Prior service cost (credit)	(14,778)	(330,241)
Unrecognized amounts, end of year	73,736,067	58,271,447
Unrecognized amounts, beginning of year	58,271,447	79,189,467
Current year change	\$ 15,464,620	\$ (20,918,020)
Assumptions used in computations		
In computing ending obligations		
Discount rate	4.75%	5.75%
Rate of compensation increase	n/a	4.00%
In computing net periodic benefit cost		
Discount rate	5.75%	5.60%
Expected return on assets	7.45%	7.45%
Rate of compensation increase	4.00%	4.00%

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

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

# Genesis Health System and Related Organizations

## Notes to Consolidated Financial Statements

### Note 9. Employee Retirement Plans (Continued)

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

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

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



**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 9. Employee Retirement Plans (Continued)**

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

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

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

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

	Target Allocation		Actual	
	2012	2011	2012	2011
Domestic equity securities				
Large cap	26.0%	28.0%	28.7%	32.9%
Small cap	9.0	11.0	10.0	12.6
International equity securities	15.0	11.0	14.2	11.8
Fixed income	50.0	50.0	47.1	42.7
	100.0%	100.0%	100.0%	100.0%

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

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

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

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

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

**Genesis Health System  
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**Notes to Consolidated Financial Statements**

**Note 10. Income Tax Matters**

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

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

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

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

	2012	2011
Deferred tax assets	\$ 2,325,000	\$ 1,901,000
Less valuation allowance	(2,325,000)	(1,901,000)
	<u>\$ -</u>	<u>\$ -</u>

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

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

Year ending June 30	
2013	\$ 1,000
2014	-
2015	-
2016	-
2017	-
Thereafter	3,230,000
	<u>\$ 3,231,000</u>

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 10. Income Tax Matters (Continued)**

**Uncertainty in income taxes:**

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

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

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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**Note 11. Self-Insurance, Contingent Liabilities and Commitments**

**Self-insured claims:**

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

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

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

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

**Accounting for conditional asset retirement obligations:**

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

## **Genesis Health System and Related Organizations**

### **Notes to Consolidated Financial Statements**

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

##### **Laws and regulations:**

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

##### **CMS RAC Program:**

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

##### **Current economic conditions:**

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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

**Health care reform:**

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

**Management agreements and potential affiliation:**

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

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

**Commitments:**

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

Year ending June 30	
2013	\$ 1,845,000
2014	1,845,000
2015	1,845,000
2016	1,845,000
2017	1,845,000
Thereafter	1,691,000
	<u>\$ 10,916,000</u>

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 12. Net Asset Restrictions**

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

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

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 13. Minimum Future Rentals**

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

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

**Note 14. Interest in Net Assets of Foundation**

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

**Note 15. Concentrations of Credit Risk**

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

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

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

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



# **Genesis Health System and Related Organizations**

## **Notes to Consolidated Financial Statements**

### **Note 16. Acquisition**

On December 31, 2010, the System acquired an additional 16.67% interest in GenGastro, LLC (a single-specialty gastroenterology ambulatory surgery center) for \$5,148,000, increasing the System's ownership in GenGastro, LLC to 66.67%. In accordance with the accounting guidance on *Not-for-Profit Entities: Mergers and Acquisitions*, the System remeasured its previously held 50% interest of GenGastro, LLC (which had a recorded value of approximately \$493,000 at the date of acquisition) at fair value and recognized a gain of approximately \$14,959,000. This gain is included in nonoperating gains and (losses) on the June 30, 2011 consolidated statement of operations.

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

During the year ended June 30, 2012, the System acquired an additional 8.33% interest in GenGastro, LLC, increasing the System's ownership in GenGastro, LLC to 75.0% as of June 30, 2012.

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

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**Note 16. Acquisition (Continued)**

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

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

**Note 17. Pending Accounting Pronouncements**

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

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

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

**Genesis Health System  
and Related Organizations**

**Notes to Consolidated Financial Statements**

**Note 17. Pending Accounting Pronouncements (Continued)**

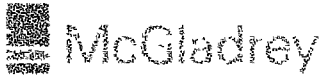
The FASB issued ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. The existing guidance under Accounting Standards Codification Topic 350 requires an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting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

**Note 18. Functional Expenses**

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

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

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



**Independent Auditor's Report  
on the Supplementary Information**

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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 46 – 57 is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information on pages 46 – 57 has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based upon our audits and the reports of other auditors as explained in our report on the consolidated financial statements on page 1, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

*McGladrey LLP*

Davenport, Iowa  
October 24, 2012

**Genesis Health System  
and Related Organizations**

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

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

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

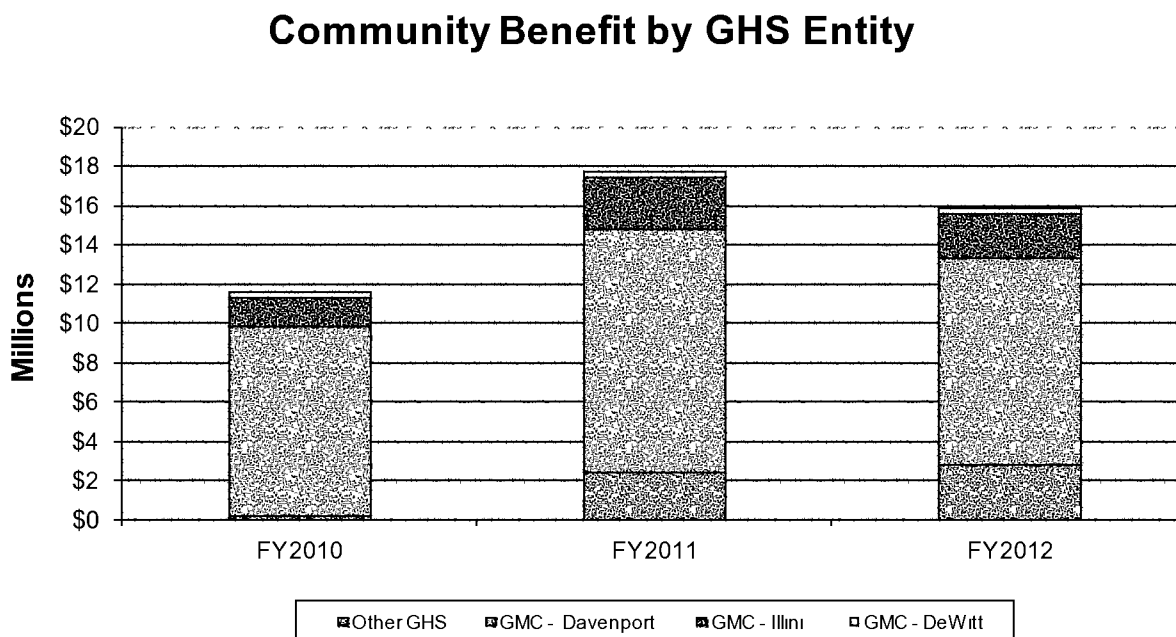
Table 1 shows a 14% decrease in community benefit for Genesis Medical Center (GMC) - Davenport compared to FY 2011. GMC - Illini decreased its community benefit by 16%, and GMC - DeWitt decreased by 21%. Other GHS community benefit increased by 13% in FY 2012.

**Table 1: Community Benefit by GHS Entity**

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

This information is shown graphically in Graph 1.

**Graph 1: Community Benefit by GHS Business Unit**

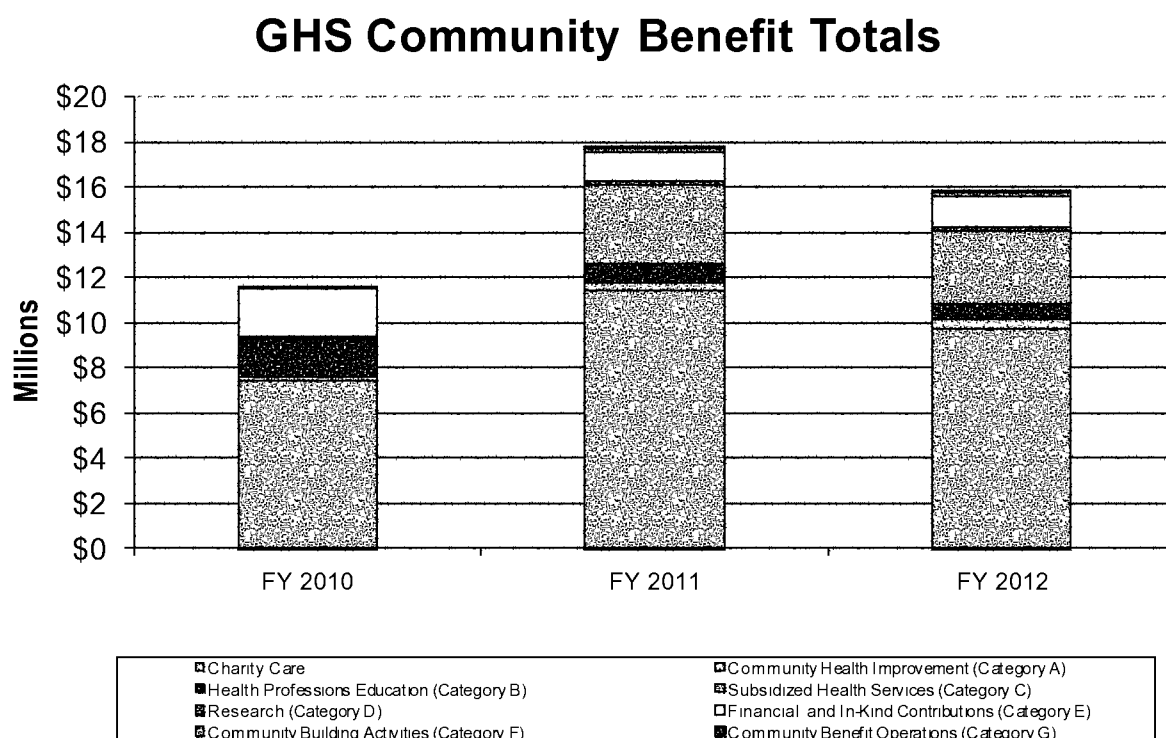


**Genesis Health System  
and Related Organizations**

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

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

**Graph 2: GHS Community Benefit Totals**



**Table 2: FY 2012 Category Comparisons by GHS Business Unit**

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

**Genesis Health System  
and Related Organizations**

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

**Table 3: Category Comparisons for the Past Three Fiscal Years**

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

**Genesis Health System  
and Related Organizations**

**Consolidating Balance Sheet Information  
June 30, 2012**

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

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



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

**Genesis Health System  
and Related Organizations**

**Consolidating Balance Sheet Information  
June 30, 2012**

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

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

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

**Genesis Health System  
and Related Organizations**

**Consolidating Balance Sheet Information  
June 30, 2011**

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

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

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

**Genesis Health System  
and Related Organizations**

**Consolidating Balance Sheet Information  
June 30, 2011**

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

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

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

**Genesis Health System  
and Related Organizations**

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

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

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



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

**Genesis Health System  
and Related Organizations**

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

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

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

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

Additional Data

Software ID:

Software Version:

EIN: 42-1418847

Name: GENESIS HEALTH SYSTEM

Form 990, Special Condition Description:

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEVEN C BAHLS DIRECTOR	4 00	X						0	0	0
MARK D BAWDEN CHAIRMAN	4 00	X		X				0	0	0
GREGORY J BUSH TREASURER	4 00	X		X				0	0	0
CHRISTOPHER J COX DIRECTOR	4 00	X						0	0	0
EDMUND P COYNE JR MD DIRECTOR	4 00	X						0	0	0
DOUGLAS P CROPPER PRESIDENT/CEO GHS	44 00	X		X				600,993	0	246,461
THOMAS A GILDEHAUS DIRECTOR	4 00	X						0	0	0
ROGER J HILL SECRETARY	4 00	X		X				0	0	0
MARK C KILMER DIRECTOR	4 00	X						0	0	0
JAMES W KOEHLER DIRECTOR	4 00	X						0	0	0
GEORGE J KONTOS JR MD DIRECTOR	40 00	X						535,471	0	28,016
CHARLENE E MAASKE DIRECTOR	4 00	X						0	0	0
EDWIN V MOTTO MD DIRECTOR	10 00	X						0	0	0
EDWARD J ROGALSKI PHD PAST CHAIRMAN	4 00	X		X				0	0	0
G CHRISTOPHER WAHLIG VICE CHAIRMAN	4 00	X		X				0	0	0
C DANA WATERMAN III DIRECTOR	4 00	X						0	0	0
CAROL A WATSON PHD RN CENP FAAN DIRECTOR	4 00	X						0	0	0
DALE D ZUDE DIRECTOR	4 00	X						0	0	0
MARK G ROGERS V P FINANCE/CFO	40 00			X				307,527	0	114,567
WAYNE A DIEWALD PRESIDENT/CEO, GMC	40 00				X			196,923	0	0
ROBERT W FRIEDEN V P INFORMATION SERVICES	40 00				X			325,194	0	36,395
RICHARD M KISHIUE MD PRESIDENT, GHG	40 00				X			318,350	0	49,378
JULIE MANAS PRESIDENT/CEO - GMC	40 00				X			378,736	0	17,946
JUDITH K PRANGER V P PATIENT SERVICES	40 00				X			352,049	0	70,044
FLORENCE L SPYROW PRESIDENT, GMC ILLINI	40 00				X			165,795	141,233	103,547

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
NICHOLAS AUGELLI MD PHYSICIAN	40 00					X		694,467	0	29,207
STEVEN B BASHOR DO PHYSICIAN	40 00					X		515,720	0	25,541
ROBERT FIETSAM MD PHYSICIAN	40 00					X		524,985	0	27,549
TODD RIDENOUR MD PHYSICIAN	40 00					X		847,595	0	36,361
CALVIN J SLOT MD PHYSICIAN	40 00					X		479,476	0	17,148
JEFFREY M COOPER PRESIDENT, GMC DEWITT	40 00						X	198,997	0	32,221
HEIDI S KAHLY-MCMAHON V P HUMAN RESOURCES	40 00						X	179,576	0	73,626
WILLIAM LANGLEY MD EXECUTIVE DIRECTOR	40 00						X	342,221	0	74,676
ROBERT M NELSON MD V P CLINICAL SERVICES	40 00						X	246,631	0	54,548
MIKE L SHARP V P SUPPORT SERVICES	40 00						X	225,679	0	72,307
CRAIG SOMMERS EXECUTIVE DIRECTOR	40 00						X	135,189	0	22,756