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Form

990

## Return of Organization Exempt From Income Tax

OMB No 1545-0047

2012

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung  
benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2012 calendar year, or tax year beginning , 2012, and ending , 20

## B Check if applicable

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Terminated  
☐ Amended return  
☐ Application pending

## C Name of organization

DIAKON

## Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

798 HAUSMAN ROAD

300

City, town or post office, state, and ZIP code

ALLENTOWN, PA 18104

## F Name and address of principal officer

MARK T. PILE

798 HAUSMAN ROAD, STE 300 ALLENTOWN, PA 18104

## D Employer identification number

23-3014613

## E Telephone number

(610) 682-1262

G Gross receipts \$ 15,090,050.

H(a) Is this a group return for affiliates? ☐ Yes ☒ NoH(b) Are all affiliates included? ☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number 9386

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

J Website: WWW.DIAKON.ORG

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation 1999 M State of legal domicile PA

## Part I Summary

## 1 Briefly describe the organization's mission or most significant activities

IN 2012, DIAKON, PRIMARILY THROUGH ITS SUBSIDIARY NON-PROFIT CORPORATION (DIAKON LUTHERAN SOCIAL MINISTRIES (DLSM)), SERVED MORE THAN 63,000 INDIVIDUALS IN PENNSYLVANIA AND MARYLAND.

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

## 3 Number of voting members of the governing body (Part VI, line 1a)

3 5.

## 4 Number of independent voting members of the governing body (Part VI, line 1b)

4 5.

## 5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)

5 0

## 6 Total number of volunteers (estimate if necessary)

6 5.

## 7a Total unrelated business revenue from Part VIII, column (C), line 12

7a 0

## b Net unrelated business taxable income from Form 990-T, line 34

7b 0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	0	85,974.
9	Program service revenue (Part VIII, line 2g)	0	14,170,800.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	7,127.	150,640.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	524,390.	476,163.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	531,517.	14,883,577.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25)	0	0
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	531,517.	17,010,869.
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	531,517.	17,010,869.
19	Revenue less expenses Subtract line 18 from line 12	0	-2,127,292.
20	Total assets (Part X, line 16)	2,962,872.	24,404,480.
21	Total liabilities (Part X, line 26)	853,441.	25,010,937.
22	Net assets or fund balances Subtract line 21 from line 20	2,109,431.	-606,457.

## Part II Signature Block

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

Sign  
Here

Signature of officer *Richard Berger*  
Type or print name and title *Richard Berger*

Date 11/4/13

Paid  
Preparer  
Use Only

Print/Type preparer's name

SCOTT M. SHERMAN

Preparer's signature

*Scott M Sherman*

Date

10/31/13

Check ☐ if

self-employed

PTIN

P00451522

Firm's name KPMG LLP

Firm's EIN 13-5565207

Firm's address 1676 INTERNATIONAL DRIVE MCLEAN, VA 22102

Phone no 703-286-8000

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2012)

JSA  
2E1010 1 000

PJ1789 2502

V 12-6.5T

654800

PAGE 1

**Part III** Statement of Program Service Accomplishments

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

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

IN 2012, DIAKON, PRIMARILY THROUGH ITS SUBSIDIARY NON-PROFIT CORPORATION (DIAKON LUTHERAN SOCIAL MINISTRIES), SERVED MORE THAN 63,000 INDIVIDUALS IN PENNSYLVANIA AND MARYLAND.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☒ **X** 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 ☒ **X** 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 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 \$ 13,389,658 including grants of \$ ) (Revenue \$ 12,514,721 )  
SENIOR LIVING SERVICES. SEE SCHEDULE O

**4b** (Code ) (Expenses \$ 2,665,279 including grants of \$ ) (Revenue \$ 1,656,079 )  
HOSPICE AND HOME HEALTH. SEE SCHEDULE O

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

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

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

**4e** Total program service expenses ► 16,054,937.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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? If "Yes," complete Schedule C, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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? If "Yes," complete Schedule D, Part VI . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization report an amount for investments-other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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 United States? If "Yes," complete Schedule F, Parts II and IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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 United States? If "Yes," complete Schedule F, Parts III and IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i> . . . . .		X
<b>22</b> 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> . . . . .		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 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> . . . . .	X	
<b>24 a</b> 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 lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i> . . . . .		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .		
<b>25 a</b> <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> . . . . .		X
<b>b</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> . . . . .		X
<b>26</b> 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> . . . . .		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III.</i> . . . . .		X
<b>28</b> 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)		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i> . . . . .		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i> . . . . .		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i> . . . . .		X
<b>32</b> 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> . . . . .		X
<b>33</b> 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> . . . . .	X	
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1.</i> . . . . .	X	
<b>35 a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	X	
<b>b</b> If "Yes" to line 35a, 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> . . . . .	X	
<b>36</b> <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> . . . . .		X
<b>37</b> 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> . . . . .		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	X	

Form 990 (2012)

**Part V** **Statements Regarding Other IRS Filings and Tax Compliance**

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

Yes No

1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a			X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			X
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			X
9	<b>Sponsoring organizations maintaining donor advised funds.</b>				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	<b>Section 501(c)(7) organizations.</b> 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	<b>Section 501(c)(12) organizations.</b> 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	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> 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	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>				
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b			
c	Enter the amount of reserves on hand.	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			X
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 line 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. ☒ X**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year . . . . . <b>1a</b> 5		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent . . . . . <b>1b</b> 5		
<b>2</b> 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? . . . . . <b>2</b>		X
<b>3</b> 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? . . . <b>3</b>		X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . <b>4</b>		X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . . <b>5</b>		X
<b>6</b> Did the organization have members or stockholders? . . . . . <b>6</b>		X
<b>7a</b> 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? . . . . . <b>7a</b>	X	
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . <b>7b</b>		X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>a</b> The governing body? . . . . . <b>8a</b>	X	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . . <b>8b</b>	X	
<b>9</b> 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 . . . . . <b>9</b>		X

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

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? . . . . . <b>10a</b>		X
<b>b</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? . . . <b>10b</b>		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . <b>11a</b>	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . <b>12a</b>	X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . <b>12b</b>	X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . <b>12c</b>	X	
<b>13</b> Did the organization have a written whistleblower policy? . . . . . <b>13</b>	X	
<b>14</b> Did the organization have a written document retention and destruction policy? . . . . . <b>14</b>	X	
<b>15</b> 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?		
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . . <b>15a</b>		
<b>b</b> Other officers or key employees of the organization . . . . . <b>15b</b>		
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . <b>16a</b>		X
<b>b</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? . . . . . <b>16b</b>		

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed ► MD,

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

**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 during the tax year

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► RICHARD BARGER 960 CENTURY DRIVE MECHANICSBURG, PA 17055 717-795-0342

JSA

Form 990 (2012)

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response to any question in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) SUSAN SCHELLENBERG CHAIR	1.00 3.00	X						0	0	0
(2) PAUL HORGER VICE CHAIR	1.00 3.00	X						0	0	0
(3) EMRIED D COLE JR ESQ BOARD MEMBER	1.00 0	X						0	0	0
(4) PETER L KERN SECRETARY	1.00 0	X						0	0	0
(5) KENNETH G MERTZ II BOARD MEMBER	1.00 1.00	X						0	0	0
(6) MARK T PILE PRESIDENT/CEO	6.00 31.50			X				0	334,199.	136,952.
(7) RICHARD M BARGER EXECUTIVE VP/CFO	2.00 35.50			X				0	251,789.	82,644.
(8) _____										
(9) _____										
(10) _____										
(11) _____										
(12) _____										
(13) _____										
(14) _____										



<b>Part VII</b>	<b>Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees</b> <i>(continued)</i>
-----------------	--

[illegible]

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 0

	Yes	No
3 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> . . . . .	3	X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	4	X
5 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> . . . . .	5	X

## 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
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ► 0		

**Part VIII Statement of Revenue**Check if Schedule O contains a response to any question in this Part VIII. ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d				
	e	Government grants (contributions) . .	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above . .	1f	85,974			
	g	Noncash contributions included in lines 1a-1f \$ . . . . .					
	h	<b>Total.</b> Add lines 1a-1f . . . . .		85,974			
<b>Program Service Revenue</b>			<b>Business Code</b>				
	2a	SENIOR LIVING SERVICES . . . . .	900099	12,514,721	12,514,721		
	b	HOSPICE AND HOME HEALTH . . . . .	900099	1,656,079	1,656,079		
	c	. . . . .					
	d	. . . . .					
	e	. . . . .					
	f	All other program service revenue . . . . .					
	g	<b>Total.</b> Add lines 2a-2f . . . . .		14,170,800			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		96,290			96,290
	4	Income from investment of tax-exempt bond proceeds . . . . .		0			
	5	Royalties . . . . .		0			
			(i) Real (ii) Personal				
	6a	Gross rents . . . . .					
	b	Less rental expenses . . . . .					
	c	Rental income or (loss) . . . . .					
	d	Net rental income or (loss) . . . . .		0			
			(i) Securities (ii) Other				
	7a	Gross amount from sales of assets other than inventory . . . . .	260,223 600				
	b	Less cost or other basis and sales expenses . . . . .	206,473				
	c	Gain or (loss) . . . . .	53,750 600				
	d	Net gain or (loss) . . . . .		54,350			54,350
	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 . . . . .		0			
	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 . . . . .		0			
	10a	Gross sales of inventory, less returns and allowances . . . . .	a				
b	Less cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . . . . .		0				
<b>Miscellaneous Revenue</b>		<b>Business Code</b>					
11a	MANAGEMENT FEE REVENUE . . . . .	900099	476,163	476,163			
b	. . . . .						
c	. . . . .						
d	All other revenue . . . . .						
e	<b>Total.</b> Add lines 11a-11d . . . . .		476,163				
12	<b>Total revenue.</b> See instructions . . . . .		14,883,577	14,646,963		150,640	

**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).

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

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>				
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21 . . . . .	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22 . . . . .	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 . . . . .	0			
4 Benefits paid to or for members . . . . .	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7 Other salaries and wages . . . . .	0			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	0			
9 Other employee benefits . . . . .	0			
10 Payroll taxes . . . . .	0			
11 Fees for services (non-employees)				
a Management . . . . .	479,283.		479,283.	
b Legal . . . . .	105.	105.		
c Accounting . . . . .	476,004.		476,004.	
d Lobbying . . . . .	0			
e Professional fundraising services See Part IV, line 17 . . . . .	0			
f Investment management fees . . . . .	1,178.	691.	487.	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . .	275,468.	282,517.	-7,049.	
12 Advertising and promotion . . . . .	241,130.	241,130.		
13 Office expenses . . . . .	1,248,630.	1,248,630.		
14 Information technology . . . . .	367,840.	367,840.		
15 Royalties . . . . .	0			
16 Occupancy . . . . .	1,082,545.	1,082,545.		
17 Travel . . . . .	247,741.	247,597.	144.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19 Conferences, conventions, and meetings . . . . .	16,457.	9,394.	7,063.	
20 Interest . . . . .	1,050,322.	1,050,322.		
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	603,336.	603,336.		
23 Insurance . . . . .	136,207.	136,207.		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O) . . . . .				
a REIMBURSED SALARIES/BENEFITS . . . . .	7,312,809.	7,312,809.		
b CULINARY SERVICE . . . . .	1,532,205.	1,532,205.		
c HOUSEKEEPING/LAUNDRY SVC . . . . .	524,319.	524,319.		
d BAD DEBT . . . . .	121,947.	121,947.		
e All other expenses . . . . .	1,293,343.	1,293,343.		
25 Total functional expenses Add lines 1 through 24e . . . . .	17,010,869.	16,054,937.	955,932.	
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .	0			

**Part X Balance Sheet**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash - non-interest-bearing	0	1	677,212.
	2 Savings and temporary cash investments	475,511.	2	496,152.
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	0	4	1,617,466.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	621,442.
	8 Inventories for sale or use	0	8	0
	9 Prepaid expenses and deferred charges	0	9	157,717.
	10a Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	10a	18,100,000.	
	b Less accumulated depreciation	10b	603,336.	
		0	10c	17,496,664.
	11 Investments - publicly traded securities	1,800,000.	11	3,224,398.
	12 Investments - other securities. See Part IV, line 11	0	12	0
	13 Investments - program-related. See Part IV, line 11	0	13	0
	14 Intangible assets	0	14	0
15 Other assets. See Part IV, line 11	687,361.	15	113,429.	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	2,962,872.	16	24,404,480.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	660,809.	17	861,993.
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	4,777,293.
	20 Tax-exempt bond liabilities	0	20	0
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	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	192,632.	25	19,371,651.
	26 <b>Total liabilities.</b> Add lines 17 through 25	853,441.	26	25,010,937.
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	2,109,431.	27	-615,375.
	28 Temporarily restricted net assets	0	28	189.
	29 Permanently restricted net assets	0	29	8,729.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 <b>Total net assets or fund balances</b>	2,109,431.	33	-606,457.
	34 <b>Total liabilities and net assets/fund balances.</b>	2,962,872.	34	24,404,480.

Form 990 (2012)

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI ☒ X

1	Total revenue (must equal Part VIII, column (A), line 12)	1	14,883,577.
2	Total expenses (must equal Part IX, column (A), line 25)	2	17,010,869.
3	Revenue less expenses Subtract line 2 from line 1	3	-2,127,292.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,109,431.
5	Net unrealized gains (losses) on investments	5	163,371.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-751,967.
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-606,457.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII ☒ X

		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? . . . . . If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? . . . . . If "Yes," check a box below to indicate whether the financial statements for the year were audited 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 separate basis	X	
2c	If "Yes" to line 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	X	
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? . . . . .	X	
3b	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	X	

Form 990 (2012)

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

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

**2012**

Open to Public  
Inspection

Name of the organization

DIAKON

Employer identification number

23-3014613

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

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

- 1 ☐ A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).  
2 ☐ A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)  
3 ☐ A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).  
4 ☐ A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state \_\_\_\_\_  
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)  
6 ☐ A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).  
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)  
8 ☐ A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)  
9 ☐ An organization that normally receives (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety. See section 509(a)(4).

11 ☒ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I    b ☒ Type II    c ☐ Type III-Functionally integrated    d ☐ Type III-Non-functionally integrated

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 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? \_\_\_\_\_

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

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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 monetary support
			Yes	No	Yes	No	Yes	No	
(A) ATTACHMENT 1									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4 . . . . .						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
9 Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV) . . . . .						
11 <b>Total support.</b> Add lines 7 through 10 . . . . .						
12 Gross receipts from related activities, etc. (see instructions) . . . . .					12	
13 <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) . . . . .	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14 . . . . .	15	%
16a <b>33 1/3% support test - 2012.</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 . . . . .		<input type="checkbox"/>
b <b>33 1/3% support test - 2011.</b> If the organization did not check a 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 . . . . .		<input type="checkbox"/>
17a <b>10%-facts-and-circumstances test - 2012.</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 . . . . .		<input type="checkbox"/>
b <b>10%-facts-and-circumstances test - 2011.</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 . . . . .		<input type="checkbox"/>
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 . . . . .		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.  
If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 <b>Total.</b> 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 <b>Public support</b> (Subtract line 7c from line 6) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 <b>Total support.</b> (Add lines 9, 10c, 11, and 12) . . . . .						
14 <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)) . . . . .	<b>15</b>	%
16 Public support percentage from 2011 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)) . . . . .	<b>17</b>	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17 . . . . .	<b>18</b>	%

- 19a **33 1/3% support tests - 2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐
- b **33 1/3% support tests - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐
- 20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐



**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

ATTACHMENT 1

SCHEDULE A, PART I - INFORMATION ABOUT SUPPORTED ORGANIZATIONS

(I) NAME OF SUPPORTED ORGANIZATION	(II) EIN	(III) TYPE OF ORGANIZATION	(IV)		(V)		(VI)		(VII) AMOUNT OF SUPPORT
			YES	NO	YES	NO	YES	NO	
DIAKON LUTHERAN SOCIAL MINISTRIES	23-1857015	09			X				0
TOTAL AMOUNT OF SUPPORT									

**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

DIAKON

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**

▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Employer identification number

23-3014613

**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? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 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 Tax Year
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register . . . . .	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? . . . . . ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X . . . . . ▶ \$ \_\_\_\_\_

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2012

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

3 Using the organization's acquisition, 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 d ☐ Loan or exchange programs  
 b ☐ Scholarly research e ☐ Other \_\_\_\_\_  
 c ☐ Preservation for future generations

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

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 XIII and complete the following table

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

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

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII. . . . . ☐

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance . . . . .					
b Contributions . . . . .					
c Net investment earnings, gains, and losses . . . . .					
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .					
g End of year balance . . . . .					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶ \_\_\_\_\_ %  
 b Permanent endowment ▶ \_\_\_\_\_ %  
 c Temporarily restricted endowment ▶ \_\_\_\_\_ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

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

- (i) unrelated organizations . . . . .  
 (ii) related organizations . . . . .

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .

4 Describe in Part XIII 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 . . . . .				
b Buildings . . . . .				
c Leasehold improvements . . . . .				
d Equipment . . . . .				
e Other . . . . .	18,100,000.		603,336.	17,496,664.
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . .				17,496,664.

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
(I) _____		
Total (Column (b) must equal Form 990, Part X, col (B) line 12) ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) _____		
(2) _____		
(3) _____		
(4) _____		
(5) _____		
(6) _____		
(7) _____		
(8) _____		
(9) _____		
(10) _____		
Total (Column (b) must equal Form 990, Part X, col (B) line 13) ▶		

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

(a) Description	(b) Book value
(1) _____	
(2) _____	
(3) _____	
(4) _____	
(5) _____	
(6) _____	
(7) _____	
(8) _____	
(9) _____	
(10) _____	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) INVESTMENT IN SUBSIDIARY	192,019.
(3) SECURITY DEPOSITS	968.
(4) OBLIGATION UNDER CAPITAL LEASE	17,785,309.
(5) DUE FROM AFFILIATE	1,274,776.
(6) EST THIRD PARTY PAYOR SETTLEMENT	118,579.
(7) _____	
(8) _____	
(9) _____	
(10) _____	
(11) _____	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	19,371,651.

2. FIN 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII. ☒ X

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	215,659,820.
<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 XIII)	<b>2d</b>	202,517,288.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	202,517,288.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	13,142,532.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	1,178.
<b>b</b>	Other (Describe in Part XIII)	<b>4b</b>	1,739,867.
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	1,741,045.
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	14,883,577.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	215,669,733.
<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 XIII)	<b>2d</b>	206,117,002.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	206,117,002.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	9,552,731.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	1,178.
<b>b</b>	Other (Describe in Part XIII)	<b>4b</b>	7,456,960.
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	7,458,138.
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	17,010,869.

**Part XIII Supplemental Information**

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

SEE PAGE 5

**Part XIII Supplemental Information (continued)**

FIN 48 FOOTNOTE

SCHEDULE D, PART X, LINE 2

DIAKON AND ITS CONTROLLED AFFILIATES, WITH THE EXCEPTION OF THE INSTITUTE FOR STRATEGIC MANAGEMENT, INC., A PENNSYLVANIA FOR-PROFIT CORPORATION, ARE NOT-FOR-PROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND ARE EXEMPT FROM FEDERAL INCOME TAXES.

THE CORPORATION USED A THRESHOLD OF MORE LIKELY THAN NOT FOR RECOGNITION AND DERECOGNITION OF THE TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. THE CORPORATION DOES NOT BELIEVE THAT THERE ARE ANY UNRECOGNIZED TAX BENEFITS OR LIABILITIES THAT SHOULD BE RECORDED.

SCHEDULE D, PARTS XI &amp; XII

PART XI, LINE 2D, RECONCILIATION OF REVENUE:

REVENUE OF OTHER ENTITIES IN CONSOLIDATED FINANCIAL STATEMENTS:

DIAKON LUTHERAN SOCIAL MINISTRIES	\$203,000,969
DIAKON LUTHERAN FUND	\$ 1,268,337
DIAKON LUTHERWOOD SENIOR HOUSING, LLC	\$ 1,228,505
DIAKON LUTHERAN SENIOR HOUSING AT LUTHER MEADOWS	\$ 507,337
DIAKON LUTHERAN SENIOR HOUSING AT HEILMAN HOUSE	\$ 466,039
INSTITUTE FOR STRATEGIC MANAGEMENT, INC.	\$ 396,893
SUSQUEHANNA HOUSING INC.	\$ 10
SUBTOTAL	\$206,868,090

REVENUE ELIMINATED IN CONSOLIDATION IN CONSOLIDATED FINANCIAL STATEMENTS:

**Part XIII Supplemental Information (continued)**

DIAKON LUTHERAN FUND GRANT INCOME	\$ (1,100,004)
MANAGEMENT FEE REVENUE	\$ (2,200,476)
DIAKON LUTHERAN SENIOR LIVING - MARYLAND LLC.,	
INTEREST REVENUE	\$ (1,050,322)
SUBTOTAL	\$ (4,350,802)
TOTAL	\$202,517,288

## PART XI, LINE 4B, RECONCILIATION OF REVENUE:

REVENUE NOT INCLUDED IN EXCESS (DEFICIT) IN CONSOLIDATED FINANCIAL  
STATEMENTS:

DISCONTINUED OPERATIONS	\$1,730,949
TEMPORARILY AND PERMANENT RESTRICTED CONTRIBUTIONS	\$ 9,457
NET ASSETS RELEASED FROM RESTRICTION	\$ (539)
TOTAL	\$1,739,867

## PART XII, LINE 2D, RECONCILIATION OF EXPENSES:

EXPENSES OF OTHER ENTITIES IN CONSOLIDATED FINANCIAL STATEMENTS:

DIAKON LUTHERAN SOCIAL MINISTRIES	\$202,200,218
DIAKON LUTHERAN FUND	\$1,169,160
DIAKON LUTHERWOOD SENIOR HOUSING, LLC	\$1,320,102
DIAKON LUTHERAN SENIOR HOUSING AT LUTHER MEADOWS	\$526,364
DIAKON LUTHERAN SENIOR HOUSING AT HEILMAN HOUSE	\$503,800
INSTITUTE FOR STRATEGIC MANAGEMENT, INC.	\$397,358
SUBTOTAL	\$206,117,002

**Part XIII** Supplemental Information (continued)

PART XII, LINE 4B, RECONCILIATION OF EXPENSES:

EXPENSES ELIMINATED IN CONSOLIDATION IN CONSOLIDATED FINANCIAL  
STATEMENTS:

DIAKON LUTHERAN FUND GRANT FUND	\$1,100,004
MANAGEMENT FEE	\$2,200,476
DIAKON LUTHERAN SENIOR LIVING MARYLAND, LLC.,	
INTEREST EXPENSE	\$1,653,658
SUBTOTAL	\$4,954,138
DISCONTINUED OPERATIONS	\$2,502,822
TOTAL	\$7,456,960



**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, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

DIAKON

Employer identification number

23-3014613

**Part I Questions Regarding Compensation**

**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 type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification 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 on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.

**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?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input 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? . . . . .
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .
- c** Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations 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? . . . . .
- b** Any related organization? . . . . .
- 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? . . . . .
- b** Any related organization? . . . . .
- 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.

**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 Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

X

X

X

X

X

X

X

X

X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2012

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

	(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
	MARK T PILE							
1	PRESIDENT/CEO	(i) 330,363.	(ii) 0	(iii) 3,836.	114,700.	22,252.	471,151.	0
	RICHARD M BARGER	(i) 0	(ii) 0	(iii) 0	0	0	0	0
2	EXECUTIVE VP/CFO	(i) 248,701.	(ii) 110.	(iii) 2,978.	73,500.	9,144.	334,433.	0
3		(i) 0	(ii) 0	(iii) 0	0	0	0	0
4		(i) 0	(ii) 0	(iii) 0	0	0	0	0
5		(i) 0	(ii) 0	(iii) 0	0	0	0	0
6		(i) 0	(ii) 0	(iii) 0	0	0	0	0
7		(i) 0	(ii) 0	(iii) 0	0	0	0	0
8		(i) 0	(ii) 0	(iii) 0	0	0	0	0
9		(i) 0	(ii) 0	(iii) 0	0	0	0	0
10		(i) 0	(ii) 0	(iii) 0	0	0	0	0
11		(i) 0	(ii) 0	(iii) 0	0	0	0	0
12		(i) 0	(ii) 0	(iii) 0	0	0	0	0
13		(i) 0	(ii) 0	(iii) 0	0	0	0	0
14		(i) 0	(ii) 0	(iii) 0	0	0	0	0
15		(i) 0	(ii) 0	(iii) 0	0	0	0	0
16		(i) 0	(ii) 0	(iii) 0	0	0	0	0

Schedule J (Form 990) 2012

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SCHEDULE J DISCLOSURES

ALL EMPLOYEES ARE COMPENSATED BY DIAKON LUTHERAN SOCIAL MINISTRIES

(DLSM). SEE SCHEDULE O IN REFERENCE TO PART VI, SECTION B, LINE 15 FOR A

DETAILED DESCRIPTION OF DLSM'S EXECUTIVE COMPENSATION PROGRAM.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

DIAKON

**Supplemental Information to Form 990 or 990-EZ**

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

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Employer identification number

23-3014613

FORM 990, PART III, QUESTION 1

IN 2012, DIAKON, PRIMARILY THROUGH ITS SUBSIDIARY NON-PROFIT CORPORATION  
(DIAKON LUTHERAN SOCIAL MINISTRIES (DLSM)), SERVED MORE THAN 63,000  
INDIVIDUALS IN PENNSYLVANIA AND MARYLAND THROUGH SUCH SERVICES AS  
RESIDENTIAL ACCOMMODATIONS FOR OLDER PERSONS, NURSING CARE, ADOPTION,  
ADULT DAY SERVICES, COUNSELING AND RELATED MENTAL-HEALTH SERVICES,  
COMMUNITY-BASED SENIOR SERVICES, AND A RANGE OF COMMUNITY- AND  
OUTDOOR-BASED PROGRAMS FOR COURT-ADJUDICATED YOUTHS.

IN ADDITION TO THE NUMBER SERVED DIRECTLY BY THESE PROGRAMS, PRODUCTS  
DELIVERED THROUGH DIAKON KATHRYN'S KLOSET TO REGIONAL, NATIONAL, AND  
INTERNATIONAL NON-PROFIT ORGANIZATIONS TOUCHED THE LIVES OF APPROXIMATELY  
400,000 PERSONS; THE NUMBER SERVES AS AN ESTIMATE BECAUSE DIAKON  
KATHRYN'S KLOSET RELIES ON SELF-REPORTING FROM SHELTERS AND OTHER  
NON-PROFIT PROGRAMS AND CANNOT CONFIRM THE EXTENT TO WHICH INDIVIDUALS  
REPORTED BY EACH PROGRAM MAY BE DUPLICATES.

DLSM IS AFFILIATED WITH THE EVANGELICAL LUTHERAN CHURCH IN AMERICA THROUGH  
LUTHERAN SERVICES IN AMERICA. DLSM, WHOSE NAME DERIVES FROM A GREEK TERM  
FOR "ONE ASSIGNED BY THE CHURCH TO MINISTER TO THE NEEDS OF OTHERS,"  
OFFERS PROGRAMS THAT TRANSFORM THE LIVES OF CHILDREN, FAMILIES, AND OLDER  
ADULTS AT MORE THAN 30 SERVICE CENTERS AND SENIOR LIVING COMMUNITIES IN  
PENNSYLVANIA AND MARYLAND. DETAILED PROGRAM SERVICE ACCOMPLISHMENTS CAN  
BE FOUND IN THE DLSM IRS FORM 990.

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ON JANUARY 1, 2012, DLSM TRANSFERRED THE OPERATIONS OF ITS HAGERSTOWN, MARYLAND SENIOR LIVING FACILITIES TO A NEW CORPORATE ENTITY, DIAKON LUTHERAN SENIOR LIVING MARYLAND, LLC (DLSL-MD). SUBSTANTIALLY ALL OF THE OPERATING ASSETS AND LIABILITIES OF THE HAGERSTOWN FACILITIES, WITH THE EXCEPTION OF ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE, REAL PROPERTY AND EQUIPMENT AND LIABILITIES UNDER THE WASHINGTON COUNTY, MARYLAND BONDS SERIES E 2003 AS OF DECEMBER 31, 2011, WERE TRANSFERRED TO THE NEW COMPANY. DLSM PROVIDES MANAGEMENT SERVICES AND LEASES REAL PROPERTY AND EQUIPMENT TO DLSL-MD. DLSL-MD IS A WHOLLY OWNED AND CONTROLLED AFFILIATE OF DIAKON AND IS A DISREGARDED ENTITY OF DIAKON FOR FEDERAL TAX PURPOSES.

ALSO ON JANUARY 1, 2012, DLSM TRANSFERRED THE OPERATIONS OF ITS HOSPICE, HOME HEALTH AND NONMEDICAL HOME CARE PROGRAMS (COLLECTIVELY, THE HCBS PROGRAMS) TO A NEW CORPORATE ENTITY, DIAKON HOME CARE SERVICES, LLC. SUBSTANTIALLY ALL OF THE OPERATING ASSETS AND LIABILITIES OF THE HCBS PROGRAMS, WITH THE EXCEPTION OF ACCOUNTS AND NOTES RECEIVABLE, ACCOUNTS PAYABLE AND REAL PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2011, WERE TRANSFERRED TO THE NEW COMPANY. DIAKON HOME CARE SERVICES, LLC IS A WHOLLY OWNED AND CONTROLLED AFFILIATE OF DIAKON AND IS DISREGARDED ENTITY OF DIAKON FOR FEDERAL TAX PURPOSES.

IN JULY 2012, DIAKON INTEGRATED THE PROGRAMS IN DIAKON HOME CARE SERVICES, LLC INTO LUTHERAN HOME CARE AND HOSPICE (LHCH), A SUBSIDIARY

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ORGANIZATION OF LUTHERAN SOCIAL SERVICES OF SOUTH CENTRAL PENNSYLVANIA, A COLLEAGUE LUTHERAN SOCIAL MINISTRY ORGANIZATION BASED IN YORK, PA, IN EXCHANGE FOR A MINORITY INTEREST IN LHCH. THE COLLABORATIVE VENTURE IS DESIGNED TO EXPAND HOME-BASED SERVICES ON BEHALF OF BOTH ORGANIZATIONS AND TAKE ADVANTAGE OF LHCH'S LONGER TERM EXPERIENCE IN HOME HEALTH CARE AND IN-HOME SUPPORTIVE SERVICES.

CHARITY CARE AND SUPPORT OF THOSE IN NEED

DIAKON PROVIDES CHARITY CARE AND OTHER SUPPORT IN NEED TO MANY OF THE PROGRAMS AND INDIVIDUALS THAT IT SERVES.

DIAKON MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE AMOUNT OF CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY, AND THE ESTIMATED COST OF THOSE SERVICES AND SUPPLIES.

SUPPORT OF THOSE IN NEED INCLUDES SERVICES PROVIDED TO PERSONS WITHIN OUR SENIOR LIVING SERVICES (SLS) LINE OF SERVICE WHO CANNOT AFFORD HEALTH CARE BECAUSE OF INADEQUATE RESOURCES AND/OR WHO ARE UNINSURED OR UNDERINSURED.

A NUMBER OF PROGRAMS FOR CHILDREN, FAMILIES, AND COMMUNITY DO NOT RECEIVE SUFFICIENT FUNDING FROM THE SPONSORING ORGANIZATIONS OR FROM PROGRAM FEES TO MEET THE NEEDS OF THE PEOPLE THEY SERVE. DIAKON HAS ELECTED TO UNDERWRITE THE OPERATING DEFICITS OF CERTAIN PROGRAMS TO SERVE AS MANY OF

Name of the organization

DIAKON

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THE IDENTIFIED NEEDS AS POSSIBLE.

THE FOLLOWING IS A SUMMARY OF THE VALUE OF DIAKON'S SUPPORT OF THESE  
PROGRAMS DURING THE YEAR ENDED DECEMBER 31, 2012:

SUPPORT PROVIDED TO SENIOR LIVING RESIDENTS:

MEDICAL ASSISTANCE COST IN EXCESS OF

CONTRACTUAL REIMBURSEMENT	\$ 815,665
---------------------------	------------

CHARITY CARE IN SUPPORT OF THOSE IN NEED	\$ 123,720
--	------------

FAMILY AND COMMUNITY PROGRAMS SUPPORTED BY DIAKON (CHARITY CARE):

HOME SERVICES FOR SENIORS	\$ 127,390
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TOTAL	\$1,066,775
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#### LINE 4A: SENIOR LIVING SERVICES

DIAKON'S SENIOR LIVING COMMUNITY OFFERS A CONTINUUM OF SERVICES FOR OLDER  
ADULTS INCLUDING RESIDENTIAL ACCOMODATIONS, ASSISTED LIVING SERVICES, AND  
SKILLED NURSING AND REHABILITATIVE CARE. IN 2012, THIS SENIOR LIVING  
COMMUNITY SERVED 772 PERSONS OR 81,485 CARE DAYS. IN THE CASE OF NURSING  
CARE AND ASSISTED LIVING ACCOMODATIONS, THE NUMBER SERVED INCLUDES ONE  
ADDITIONAL FAMILY MEMBER FOR EACH RESIDENT OR COUPLE.

DURING 2012, DIAKON AND DLSC CONTINUED TO FOCUS ON EXPANSION OF THE  
CONTINUUM OF SERVICES AT ITS SENIOR LIVING COMMUNITIES. SUCH PROJECTS

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INCLUDED THE BUILDING OF NEW RESIDENTIAL ACCOMODATIONS AND EXTENSIVE RENOVATIONS TO UPGRADE LIVING OPTIONS FOR OLDER ADULTS. IN ADDITION, THE DIVISION REMAINED FOCUSED ON EXPANSION OF SERVICES DESIGNED TO HELP OLDER PERSONS "AGE IN PLACE" IN THEIR CURRENT ACCOMODATIONS; THOSE EFFORTS INVOLVED STEPS TO INTEGRATE OTHER PROGRAMS INTO SEVERAL OF THE COMMUNITIES' SERVICE OFFERS.

## LINE 4B: HOSPICE AND HOME HEALTH

DIAKON, THROUGH ITS DISREGARDED ENTITY, DIAKON HOME CARE SERVICES, LLC., PROVIDED HOSPICE, HOME HEALTH AND NONMEDICAL HOME CARE SERVICES TO 618 PERSONS IN 2012. THIS DIVISION PROVIDED \$127,390 IN UNCOMPENSATED CARE DURING 2012.

## FORM 990, PART VI, SECTION A, LINE 7A

A MAJORITY OF THE MEMBERS OF THE GOVERNING BODY (THE DIAKON BOARD OF DIRECTORS) ARE ELECTED BY A MAJORITY VOTE OF THE BISHOPS OF THE FOLLOWING SYNODS OF THE EVANGELICAL LUTHERAN CHURCH OF AMERICA: NORTHEASTERN PENNSYLVANIA SYNOD, SOUTHEASTERN PENNSYLVANIA SYNOD, DELAWARE-MARYLAND SYNOD, UPPER SUSQUEHANNA SYNOD, AND LOWER SUSQUEHANNA SYNOD. THE REMAINING MEMBERS OF THE BOARD ARE ELECTED BY THE BOARD FROM A SLATE OF CANDIDATES PRESENTED BY THE BOARD DEVELOPMENT COMMITTEE.

## FORM 990, PART VI, SECTION B

## LINE 11B:

MEMBERS OF SENIOR MANAGEMENT AND OF THE FINANCE DEPARTMENT OF DIAKON LUTHERAN SOCIAL MINISTRIES IN ITS ROLE OF PROVIDING MANAGEMENT SERVICES



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TO DIAKON, PARTICIPATED IN DEVELOPING THE DRAFT 990 IN CONSULTATION WITH KPMG, WHICH WAS ENGAGED TO PROVIDE ASSISTANCE. SENIOR MANAGEMENT AND FINANCE STAFF REVIEWED AND REVISED DRAFTS. THE FINAL DRAFT OF DIAKON'S 990 WAS RECEIVED AND ACCEPTED BY THE DIAKON GOVERNING BODY AT ITS REGULAR QUARTERLY MEETING ON SEPTEMBER 11, 2013.

LINE 12C:

DLSM'S CHIEF COMPLIANCE OFFICER, IN HIS ROLE OF PROVIDING MANAGEMENT SERVICES TO DIAKON, REVIEWS THE ORGANIZATION'S CONFLICT OF INTEREST STATEMENT AND CERTIFICATION FORM WITH THE BOARD OF DIRECTORS ON A REGULAR BASIS. ALL BOARD MEMBERS AND ALL OFFICERS AND KEY EMPLOYEES ARE REQUIRED TO COMPLETE A CERTIFICATION FORM AND DISCLOSE POSSIBLE OR ACTUAL CONFLICTS OF INTEREST. THE COMPLETED FORMS ARE REVIEWED BY THE CHIEF COMPLIANCE OFFICER AND BY THE ORGANIZATION'S OUTSIDE AUDITOR ON A REGULAR BASIS.

FORM 990, PART VI, SECTION B, LINES 15A AND 15B  
EXECUTIVE COMPENSATION PHILOSOPHY

DLSM SEEKS TO ATTRACT, REWARD AND RETAIN CRITICAL LEADERSHIP TALENT IN ORDER TO FULFILL ITS MISSION AND ORGANIZATIONAL STRATEGIC INITIATIVES. A COMPENSATION COMMITTEE OF INDEPENDENT DIRECTORS OF DIAKON (COMPENSATION COMMITTEE), UTILIZES EXTERNAL CONSULTANTS TO ASSIST WITH THE DEVELOPMENT, ADMINISTRATION, AND TERMINATION OF COMPENSATION, WELFARE, BENEFIT, PENSION AND OTHER PLANS, WHICH TAKE INTO ACCOUNT APPROPRIATE INDUSTRY BENCHMARKS AND THE COMPENSATION POLICIES FOLLOWED BY ORGANIZATIONS SIMILARLY SITUATED TO DLSM. THE BOARD COMPENSATION

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COMMITTEE HAS ADOPTED A WRITTEN "CHARTER", WHICH SETS FORTH THE PURPOSE, MEMBERSHIP AND RESPONSIBILITIES OF THE COMMITTEE. IN ADDITION, IT CONDUCTS ITS ACTIVITIES IN COMPLIANCE WITH DLSM'S "EXCESS BENEFITS TRANSACTIONS" POLICY, WHICH REQUIRES REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATA AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION.

DLSM'S EXECUTIVE COMPENSATION PROGRAM CONSISTS OF A BASE SALARY REFLECTING THE VALUE OF AN EXECUTIVE'S CAPABILITIES, EXPERIENCE, AND SUCCESS IN MEETING MISSION, FINANCIAL, OPERATIONAL, AND QUALITY OBJECTIVES.

INFORMATION ABOUT EXECUTIVE COMPENSATION ISSUES AND DECISIONS IS REPORTED TO THE FULL BOARD OF DIRECTORS AT REGULAR MEETINGS.

#### EMPLOYEE BENEFITS

DLSM PROVIDES ALL EMPLOYEES, INCLUDING EXECUTIVES, WITH A COMPREHENSIVE BENEFIT PLAN THAT INCLUDES HEALTH INSURANCE, DENTAL INSURANCE, LIFE AND DISABILITY INSURANCE, A DEFINED BENEFIT PENSION PLAN, AND A DEFINED CONTRIBUTION RETIREMENT PLAN. THE EMPLOYER MATCHING CONTRIBUTION TO THE DEFINED CONTRIBUTION PLAN WAS SUSPENDED AS OF JULY OF 2010. THE DLSM DEFINED RETIREMENT PLAN ACCRUALS WERE FROZEN AS OF 12/31/11.

FORM 990, PART VI, SECTION C, LINE 19

DIAKON MAKES ITS GOVERNING DOCUMENTS (ARTICLES OF INCORPORATION AND BYLAWS) AND CONFLICT OF INTEREST POLICY AVAILABLE UPON REQUEST. A

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STATEMENT OF FINANCIAL POSITION IS PUBLISHED IN THE ORGANIZATION'S ANNUAL REPORT, WHICH IS MAILED TO THE APPROXIMATELY 120,000 INDIVIDUALS ON THE ORGANIZATION'S PUBLICATION MAILING LIST. THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND ANNUAL REPORT ARE AVAILABLE ON THE DIAKON WEBSITE AT DIAKON.ORG AS WELL AS AVAILABLE UPON REQUEST.

FORM 990, PART XI, LINE 9

OTHER CHANGES IN NET ASSETS

EQUITY TRANSFER TO AFFILIATE \$(751,612)

EQUITY LOSS IN JOINT VENTURE OPERATION (355)

TOTAL \$(751,967)

FORM 990, PART XII, LINES 2 AND 3

LINE 2:

DIAKON HAS AN ANNUAL AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR DIAKON AND CONTROLLED AFFILIATES PERFORMED BY AN INDEPENDENT ACCOUNTING FIRM. THE AUDIT COMMITTEE OF THE DIAKON BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT AND SELECTION OF THE INDEPENDENT ACCOUNTING FIRM.

LINE 3:

DIAKON ALSO HAS AN ANNUAL AUDIT UNDER THE SINGLE AUDIT ACT AND OMB CIRCULAR A-133 PERFORMED BY AN INDEPENDENT ACCOUNTING FIRM FOR THE CONSOLIDATED GROUP.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

DIAKON

23-3014613

**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

**2012**

Open to Public  
Inspection

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DIAKON

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23-3014613

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

(a) Name, address, and EIN (if applicable) 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) DIAKON LUTHERAN SNR LIVING-MARYLAND LLC 27-2352873 798 HAUSMAN RD, STE 300 ALLENTOWN, PA 18104	SENIOR HOUSIN	MD	12,587,700.	20,926,864.	DIAKON
(2) DIAKON HOME CARE SERVICES, LLC 45-4004627 798 HAUSMAN RD, STE 300 ALLENTOWN, PA 18104	HOSPICE/HOMEC	PA	1,811,146.	120,688.	DIAKON
(3) -----					
(4) -----					
(5) -----					
(6) -----					

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to 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 entity?
(1) DIAKON LUTHERAN SOCIAL MINISTRIES 23-1857015 798 HAUSMAN RD, STE 300 ALLENTOWN, PA 18104	PRGM OPTIONS	PA	501 (C) 3	9	DIAKON	Yes X No
(2) DIAKON LUTHERAN FUND 23-1365978 798 HAUSMAN RD, STE 300 ALLENTOWN, PA 18104	FUND PROGRAMS	PA	501 (C) 3	11	DIAKON	X
(3) DLISH AT LUTHER MEADOWS 23-2837747 798 HAUSMAN RD, STE 300 ALLENTOWN, PA 18104	HUD HOUSING	PA	501 (C) 3	9	DLSM	X
(4) DLISH AT HEILMAN HOUSE 23-2463233 798 HAUSMAN RD, STE 300 ALLENTOWN, PA 18104	HUD HOUSING	PA	501 (C) 3	9	DLSM	X
(5) SUSQUEHANNA HOUSING, INC. 23-2040250 798 HAUSMAN ROAD, STE 300 ALLENTOWN, PA 18104	INACTIVE	PA	501 (C) 3	11	DLSM	X
(6) -----						
(7) -----						

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2012

JSA

2E1307 1 000

PJ1789 2502

V 12-6.5T

654800

PAGE 39

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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) _____												
(2) _____												
(3) _____												
(4) _____												
(5) _____												
(6) _____												
(7) _____												

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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) Percent- age ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) INSTITUTE FOR STRATEGIC MANAGEMENT 960 CENTURY DRIVE MECHANICSBURG, PA 17055	CONSULTING	PA	DIAGON	C CORP	471,394	233,845	100.0000	X	
(2) _____									
(3) _____									
(4) _____									
(5) _____									
(6) _____									
(7) _____									

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

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

		Yes	No
<b>1</b>	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?		
<b>a</b>	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	X
<b>b</b>	Gift, grant, or capital contribution to related organization(s)	1b	X
<b>c</b>	Gift, grant, or capital contribution from related organization(s)	1c	X
<b>d</b>	Loans or loan guarantees to or for related organization(s)	1d	X
<b>e</b>	Loans or loan guarantees by related organization(s)	1e	X
<b>f</b>	Dividends from related organization(s)	1f	X
<b>g</b>	Sale of assets to related organization(s)	1g	X
<b>h</b>	Purchase of assets from related organization(s)	1h	X
<b>i</b>	Exchange of assets with related organization(s)	1i	X
<b>j</b>	Lease of facilities, equipment, or other assets to related organization(s)	1j	X
<b>k</b>	Lease of facilities, equipment, or other assets from related organization(s)	1k	X
<b>l</b>	Performance of services or membership or fundraising solicitations for related organization(s)	1l	X
<b>m</b>	Performance of services or membership or fundraising solicitations by related organization(s)	1m	X
<b>n</b>	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	X
<b>o</b>	Sharing of paid employees with related organization(s)	1o	X
<b>p</b>	Reimbursement paid to related organization(s) for expenses	1p	X
<b>q</b>	Reimbursement paid by related organization(s) for expenses	1q	X
<b>r</b>	Other transfer of cash or property to related organization(s)	1r	X
<b>s</b>	Other transfer of cash or property from related organization(s)	1s	X

**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 (e-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	DIAKON LUTHERAN SOCIAL MINISTRIES	C	50,740.	BOOK VALUE
(2)	DIAKON LUTHERAN SOCIAL MINISTRIES	K	1,278,000.	BOOK VALUE
(3)	DIAKON LUTHERAN SOCIAL MINISTRIES	O	7,312,809.	BOOK VALUE
(4)	DIAKON LUTHERAN SOCIAL MINISTRIES	P	2,135,060.	BOOK VALUE
(5)	DIAKON LUTHERAN SOCIAL MINISTRIES	Q	476,163.	BOOK VALUE
(6)	DIAKON LUTHERAN SOCIAL MINISTRIES	R	751,612.	BOOK VALUE

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(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		Yes	No	
(1) _____													
(2) _____													
(3) _____													
(4) _____													
(5) _____													
(6) _____													
(7) _____													
(8) _____													
(9) _____													
(10) _____													
(11) _____													
(12) _____													
(13) _____													
(14) _____													
(15) _____													
(16) _____													

**Part VII** **Supplemental Information**

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



# Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

**Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*

## Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only ☐

*All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.*

Enter filer's identifying number, see instructions

### Type or print

File by the  
due date for  
filing your  
return. See  
instructions

Name of exempt organization or other filer, see instructions

Employer identification number (EIN) or

DIAKON

23-3014613

Number, street, and room or suite no. If a P O box, see instructions

Social security number (SSN)

798 HAUSMAN ROAD

City, town or post office, state, and ZIP code. For a foreign address, see instructions

ALLENTOWN, PA 18104

Enter the Return code for the return that this application is for (file a separate application for each return) ☐ 0 ☐ 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720- (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► RICHARD BARGER

Telephone No ► 717 795-0342

FAX No ► \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) 9386. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 2013, to file the exempt organization return for the organization named above. The extension is for the organization's return for  
► ☒ calendar year 2012 or  
► ☐ tax year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_

2 If the tax year entered in line 1 is for less than 12 months, check reason ☐ Initial return ☐ Final return  
☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0
c <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev. 1-2013)

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box ☒ **X**  
**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed)

<b>Type or print</b>  File by the due date for filing your return. See instructions	Enter filer's identifying number, see instructions	
	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	DIAKON	23-3014613
	Number, street, and room or suite no. If a P.O. box, see instructions	Social security number (SSN)
	798 HAUSMAN ROAD	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	ALLENTOWN, PA 18104	

Enter the Return code for the return that this application is for (file a separate application for each return) . . . . . ☐ 0 ☒ 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of ☒ RICHARD BARGER  
Telephone No ☒ 717 795-0342 FAX No ☐
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) 9386 If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- I request an additional 3-month extension of time until 11/15, 2013
- For calendar year 2012, or other tax year beginning , 20 , and ending , 20
- If the tax year entered in line 5 is for less than 12 months, check reason ☐ Initial return ☐ Final return  
☐ Change in accounting period
- State in detail why you need the extension INFORMATION NECESSARY TO PREPARE A COMPLETE AND ACCURATE RETURN IS NOT YET AVAILABLE.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a \$	0
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b \$	0
c <b>Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	8c \$	0

**Signature and Verification must be completed for Part II only.**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature  Title  CPA/AGENT Date  7/23/13

Form 8868 (Rev 1-2013)