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Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

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

OMB No 1545-0047

2012Open to Public
Inspection**A** For the 2012 calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 30, 2013****B** Check if applicable:

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

C Name of organization**GENESIS MEDICAL CENTER, ALEDO**

Doing Business As

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

409 NW 9TH AVENUE

Room/suite

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

ALEDO, IL 61231**F** Name and address of principal officer: **MARK G. ROGERS**
SAME AS C ABOVE**D** Employer identification number**45-4475683****E** Telephone number**563-421-6508****G** Gross receipts \$**7,789,761.****H(a)** Is this a group return

for affiliates?

☐ Yes ☒ No**H(b)** Are all affiliates included?☐ Yes ☐ No

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

H(c) Group exemption number ▶**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: **WWW.GENESISHEALTH.COM****K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: **2012****M** State of legal domicile: **IL****Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: GENESIS HEALTH SYSTEM (GHS ILLINOIS), SOLE MEMBER OF GENESIS MEDICAL CENTER, ALEDO EXISTS TO		
	2	Check this box ☐ If the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	18
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	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	16
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)		11,463.
	9	Program service revenue (Part VIII, line 2g)		5,016,182.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		3,451.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		2,758,665.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		7,789,761.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		1,138.
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		2,660,120.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0.
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0.	
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		2,576,927.	
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		5,238,185.	
19	Revenue less expenses. Subtract line 18 from line 12		2,551,576.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	6,066,705.
	21	Total liabilities (Part X, line 26)	End of Year	3,461,985.
	22	Net assets or fund balances. Subtract line 21 from line 20		2,604,720.

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	<i>Mark G. Rogers</i>	Date	2-18-14
	MARK G. ROGERS, V.P. FINANCE/CFO GHS & ASST. TREAS. Type or print name and title			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ PTIN
	JOHN J. ROMANO	<i>John J. Romano</i>	2/17/14	☐ self-employed P00227323
Firm's name	Firm's EIN		Phone no.	
	MCGLADREY LLP	42-0714325	563-888-4000	
Firm's address		DAVENPORT, IA 52801-1999		

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

232001 12-10-12 LHA For Paperwork Reduction Act Notice, see the separate instructions.

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SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

616 H 13

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III ☐**1** Briefly describe the organization's mission:

GENESIS HEALTH SYSTEM (GHS ILLINOIS), SOLE MEMBER OF GENESIS MEDICAL CENTER, ALEDO EXISTS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED.

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

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

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

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 3,136,016. Including grants of \$ 1,138.) (Revenue \$ 7,141,379.)
 GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) IS A 22-BED CRITICAL ACCESS HOSPITAL LOCATED IN ALEDO, IL AND SERVES THE HEALTH CARE NEEDS OF MERCER COUNTY RESIDENTS. GMC, ALEDO OFFERS A WIDE RANGE OF INPATIENT, OUTPATIENT, EMERGENCY, AND COMMUNITY HEALTH SERVICES DELIVERED BY HIGHLY-QUALIFIED HEALTH CARE PROFESSIONALS.

4b (Code:) (Expenses \$ 738,349. Including grants of \$) (Revenue \$ 613,819.)
 THE GENESIS HEALTH GROUP, ALEDO EMPLOYS FOUR PHYSICIANS AND ONE PHYSICIAN'S ASSISTANT OFFERING SERVICES IN FAMILY PRACTICE, INTERNAL MEDICINE, PODIATRY, OCCUPATIONAL MEDICINE AND WOMEN'S HEALTH. THIS TEAM OF MEDICAL PROFESSIONALS PROVIDES COMPREHENSIVE GENERAL HEALTH CARE, INCLUDING PHYSICAL EXAMINATIONS, TREATMENT AND MONITORING OF CHRONIC AND ACUTE HEALTH PROBLEMS, AS WELL AS INJURY THREATMENT, FOR BOTH ADULTS AND CHILDREN.

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 **3,874,365.**

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1 X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	X
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	9	X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10 X	
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	11a X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b	X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c	X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d	X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a	X
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	12b X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	X
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	X
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	14b	X
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	15	X
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	16	X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b X	

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Part IV Checklist of Required Schedules (continued)

	Yes	No
21 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? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 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? If "Yes," complete Schedule J	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25		X
24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27 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? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
28a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
28b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	X	
28c 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? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
35b 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)? If "Yes," complete Schedule R, Part V, line 2	X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

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Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck 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	0	
1b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
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	0	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
3b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
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)?		X
4b 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?		X
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7 Organizations that may receive deductible contributions under section 170(c).		
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d If "Yes," indicate the number of Forms 8282 filed during the year		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9 Sponsoring organizations maintaining donor advised funds.		
a Did the organization make any taxable distributions under section 4966?		
9b Did the organization make a distribution to a donor, donor advisor, or related person?		
10 Section 501(c)(7) organizations. Enter:		
a Initiation fees and capital contributions included on Part VIII, line 12	10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11 Section 501(c)(12) organizations. Enter:		
a Gross income from members or shareholders	11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.		
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
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?		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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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

☒**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year 1a 18		
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 Enter the number of voting members included in line 1a, above, who are independent 1b 8		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? 2		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? 3		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? 4		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets? 5		X
6 Did the organization have members or stockholders? 6	X	
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? 7a	X	
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? 7b		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body? 8a	X	
b Each committee with authority to act on behalf of the governing body? 8b	X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O 9		X

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

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

Section C. Disclosure

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

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: **MARK G. ROGERS - 563-421-6508**
1227 E RUSHOLME STREET, DAVENPORT, IA 52803

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 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) STEVEN C. BAHLIS DIRECTOR	4.00	X						0.	0.	0.
(2) MARK D. BAWDEN CHAIRPERSON	10.00	X		X				0.	0.	0.
(3) GREGORY J. BUSH TREASURER	4.00	X		X				0.	0.	0.
(4) CHRISTOPHER J. COX DIRECTOR	4.00	X						0.	0.	0.
(5) EDMUND P. COYNE, JR., M.D. DIRECTOR	4.00	X						0.	0.	0.
(6) DOUGLAS P. CROPPER PRESIDENT/CEO GHS	44.00	X		X				0.	1,289,580.	121,303.
(7) THOMAS A. GILDEHAUS DIRECTOR	4.00	X						0.	0.	0.
(8) ROGER J. HILL SECRETARY	4.00	X		X				0.	0.	0.
(9) MARK C. KILMER DIRECTOR	4.00	X						0.	0.	0.
(10) JAMES W. KOEHLER DIRECTOR	4.00	X						0.	0.	0.
(11) GEORGE J. KONTOS, JR., M.D. DIRECTOR	40.00	X						0.	528,797.	28,544.
(12) CHARLENE E. MAASKE DIRECTOR	4.00	X						0.	0.	0.
(13) EDWIN V. MOTTO, M.D. DIRECTOR	10.00	X						0.	0.	0.
(14) EDWARD J. ROGALSKI, PH.D. DIRECTOR	10.00	X						0.	0.	0.
(15) G. CHRISTOPHER WAHLIG VICE CHAIRPERSON	8.00	X		X				0.	0.	0.
(16) C. DANA WATERMAN, III DIRECTOR	4.00	X						0.	0.	0.
(17) CAROL A. WATSON, PH.D., RN, CEN DIRECTOR	4.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below 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			
(18) DALE D. ZUDE DIRECTOR	4.00	X						0.	0.	0.
(19) JUDITH A. MONDELLO ASSISTANT SECRETARY	40.00			X				0.	330,369.	45,324.
(20) MARK G. ROGERS V.P. FINANCE/CFO GHS & ASST. TREAS.	40.00			X				0.	567,106.	63,788.
1b Sub-total								0.	2,715,852.	258,959.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								0.	2,715,852.	258,959.

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**

- 3** Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual **3**
- 4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual **4**
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person **5**

	Yes	No
3		X
4	X	
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
NONE		

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

Part VIII Statement of RevenueCheck 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
Contributions, Gifts, Grants and Other Similar Amounts	1 a 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	11,463.				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f			11,463.			
Program Service Revenue	2 a PROFESSIONAL SERVICES	Business Code	622110	7,345,297.	7,345,297.		
	b CLINIC REVENUE		622110	1,541,347.	1,541,347.		
	c NURSING SERVICES		622110	624,009.	624,009.		
	d PATIENT ANCILLARY SERV		622110	54,038.	54,038.		
	e LESS: CONTRACTUALS, BA		622110	-4,548,509.	-4,548,509.		
	f All other program service revenue						
	g Total. Add lines 2a-2f			5,016,182.			
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			3,451.		
4 Income from investment of tax-exempt bond proceeds							
5 Royalties							
6 a Gross rents		(i) Real	19,649.				
b Less: rental expenses		(ii) Personal	0.				
c Rental income or (loss)			19,649.				
d Net rental income or (loss)				19,649.			19,649.
7 a Gross amount from sales of assets other than inventory		(i) Securities					
b Less: cost or other basis and sales expenses		(ii) Other					
c Gain or (loss)							
d Net gain or (loss)							
8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18							
b Less: direct expenses							
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19							
b Less: direct expenses							
c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances							
b Less: cost of goods sold							
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code				
11 a OTHER INCOME		900099	2,540,070.	2,540,070.			
b OUTSIDE SERVICE REVENUE		900099	51,479.	51,479.			
c VENDING/CAFETERIA SALE		722212	23,979.	23,979.			
d All other revenue		900099	123,488.	123,488.			
e Total. Add lines 11a-11d			2,739,016.				
12 Total revenue. See instructions.			7,789,761.	7,755,198.	0.	23,100.	

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 ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	1,138.	1,138.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	66,405.		66,405.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,147,160.	2,072,480.	74,680.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	56,324.	54,411.	1,913.	
9 Other employee benefits	227,843.	225,891.	1,952.	
10 Payroll taxes	162,388.	154,556.	7,832.	
11 Fees for services (non-employees):				
a Management	363,431.	361,431.	2,000.	
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	3,358.		3,358.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	339,188.	317,732.	21,456.	
12 Advertising and promotion	21,226.	5,283.	15,943.	
13 Office expenses	507,653.	464,095.	43,558.	
14 Information technology	328,367.	1,003.	327,364.	
15 Royalties				
16 Occupancy	117,205.	113,935.	3,270.	
17 Travel	9,333.	5,400.	3,933.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	5,001.	1,106.	3,895.	
20 Interest	3,784.	3,784.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	21,057.	21,057.		
23 Insurance	51,935.	33,770.	18,165.	
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 CORPORATE OVERHEAD	757,621.		757,621.	
b COGS - PATIENT SUPPLY	33,121.	33,121.		
c MISCELLANEOUS	14,647.	4,172.	10,475.	
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	5,238,185.	3,874,365.	1,363,820.	0.
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 ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X ☐

		(A) Beginning of year	(B) End of year
Assets	1 Cash - non-interest-bearing	1	607,867.
	2 Savings and temporary cash investments	2	414,682.
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	4	2,897,189.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	5	
	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 instr). Complete Part II of Sch L	6	
	7 Notes and loans receivable, net	7	
	8 Inventories for sale or use	8	246,797.
	9 Prepaid expenses and deferred charges	9	155,439.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	1,765,788.
	b Less: accumulated depreciation	10b	21,057.
	11 Investments - publicly traded securities	11	
	12 Investments - other securities. See Part IV, line 11	12	
	13 Investments - program-related. See Part IV, line 11	13	
	14 Intangible assets	14	
	15 Other assets. See Part IV, line 11	15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	0. 16	6,066,705.	
Liabilities	17 Accounts payable and accrued expenses	17	2,152,130.
	18 Grants payable	18	
	19 Deferred revenue	19	121,103.
	20 Tax-exempt bond liabilities	20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	21	
	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	22	
	23 Secured mortgages and notes payable to unrelated third parties	23	
	24 Unsecured notes and loans payable to unrelated third parties	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	0. 25	1,188,752.
	26 Total liabilities. Add lines 17 through 25	0. 26	3,461,985.
	Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.	
27 Unrestricted net assets		27	2,551,576.
28 Temporarily restricted net assets		28	
29 Permanently restricted net assets		29	53,144.
Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.			
30 Capital stock or trust principal, or current funds		30	
31 Paid-in or capital surplus, or land, building, or equipment fund		31	
32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances		0. 33	2,604,720.
34 Total liabilities and net assets/fund balances		0. 34	6,066,705.

Form 990 (2012)

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI ☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	7,789,761.
2	Total expenses (must equal Part IX, column (A), line 25)	2	5,238,185.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,551,576.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	0.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	53,144.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,604,720.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? 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: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		X
b 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: ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	X	
c 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
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form 990 (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 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 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 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ☐						

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 33 1/3% support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ☐		
b 33 1/3% support test - 2011. 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 stop here. The organization qualifies as a publicly supported organization ☐		
17a 10% -facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ☐		
b 10% -facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ☐		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ☐		

Schedule A (Form 990 or 990-EZ) 2012

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 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 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 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ☐						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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 ☐

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 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

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

Employer identification number

45-4475683

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		☐ Yes ☐ No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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?		☐ Yes ☐ No

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

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

☐ Preservation of land for public use (e.g., recreation or education)	☐ Preservation of an historically important land area
☐ Protection of natural habitat	☐ Preservation of a certified historic structure
☐ 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	▶ \$

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 exhibitiond ☐ Loan or exchange programsb ☐ Scholarly researche ☐ Otherc ☐ 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:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

Amount

1c

1d

1e

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	53,144.				
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	53,144.				

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

a Board designated or quasi-endowment 81.00 %

b Permanent endowment 19.00 %

c Temporarily restricted endowment .00 %

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

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

(ii) related organizations

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		65,000.		65,000.
b Buildings		224,226.	10,078.	214,148.
c Leasehold improvements				
d Equipment		120,713.	10,979.	109,734.
e Other		1,355,849.		1,355,849.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,744,731.

Schedule D (Form 990) 2012

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. (Col. (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. (Col. (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) MEDICARE SETTLEMENTS/BLUE CROSS	
(3) UPP	1,188,752.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

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 ☒

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

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

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

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

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.

PART X, LINE 2: GENESIS HEALTH SYSTEM (GHS IOWA), GENESIS HEALTH

SYSTEM (GHS ILLINOIS), GENESIS SENIOR LIVING, ALEDO (GSL, ALEDO), GENESIS

HEALTH SERVICES FOUNDATION (GENESIS FOUNDATION), ILLINI HOSPITAL

FOUNDATION (ILLINI FOUNDATION) AND GENESIS HEALTH SYSTEM WORKERS'

COMPENSATION PLAN AND TRUST (WORKERS' COMPENSATION TRUST) ALL FILE A FORM

990 (RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX) ANNUALLY. WHEN THESE

RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE

SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE

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Part XIII Supplemental Information (continued)

SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD ULTIMATELY BE SUSTAINED. EXAMPLES OF TAX POSITIONS COMMON TO HEALTH SYSTEMS INCLUDE SUCH MATTERS AS THE FOLLOWING: THE TAX EXEMPT STATUS OF EACH ENTITY, THE NATURE, CHARACTERIZATION AND TAXABILITY OF JOINT VENTURE INCOME AND VARIOUS POSITIONS RELATIVE TO POTENTIAL SOURCES OF UNRELATED BUSINESS TAXABLE INCOME. UNRELATED BUSINESS TAXABLE INCOME IS REPORTED ON FORM 990T, AS APPROPRIATE. THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES THAT IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY.

TAX POSITIONS ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS. TAX POSITIONS THAT MEET THE "MORE LIKELY THAN NOT" RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50% LIKELY TO BE REALIZED ON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY. THE PORTION OF THE BENEFITS ASSOCIATED WITH TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE IS REFLECTED AS A LIABILITY FOR UNCERTAIN TAX BENEFITS IN THE ACCOMPANYING CONSOLIDATED BALANCE SHEETS ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION.

FORMS 990 AND 990T FILED BY GHS IOWA, GHS ILLINOIS, GSL, ALEDO, GENESIS FOUNDATION, ILLINI FOUNDATION AND WORKERS' COMPENSATION TRUST ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS) UP TO THREE YEARS FROM THE EXTENDED DUE DATE OF EACH RETURN. FORMS 990 AND 990T FILED BY GHS IOWA, GHS ILLINOIS, GSL, ALEDO, GENESIS FOUNDATION, ILLINI FOUNDATION AND

Part XIII Supplemental Information (continued)

WORKERS' COMPENSATION TRUST ARE NO LONGER SUBJECT TO EXAMINATION FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND PRIOR. GENVENTURES, INC.

(GENVENTURES) IS A TAXABLE ORGANIZATION AND CURRENTLY FILES INCOME TAX RETURNS IN THE U.S. FEDERAL JURISDICTION AND VARIOUS STATE JURISDICTIONS. GENVENTURES IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS JUNE 30, 2009 AND PRIOR. THERE WERE NO UNCERTAIN TAX POSITIONS AS OF JUNE 30, 2013 AND 2012.

PART V, LINE 4: INTENDED USE FOR PERMANENT RESTRICTED EDOWMENT TO USE TOWARDS THE HOSPITAL'S CAPITAL PROJECTS.

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

Employer identification number
45-4475683

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year		
☒ Applied uniformly to all hospital facilities		
☐ Applied uniformly to most hospital facilities		
☐ Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care?	X	
If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:		
☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %		
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:	X	
☒ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %		
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?		X
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			129,617.	0.	129,617.	2.47%
b Medicaid (from Worksheet 3, column a)			763,464.	567,307.	196,157.	3.74%
c Costs of other means-tested government programs (from Worksheet 3, column b)			0.	0.		
d Total Financial Assistance and Means-Tested Government Programs			893,081.	567,307.	325,774.	6.21%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			13,202.	0.	13,202.	.25%
f Health professions education (from Worksheet 5)			0.	0.		
g Subsidized health services (from Worksheet 6)			0.	0.		
h Research (from Worksheet 7)			0.	0.		
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,601.	0.	2,601.	.05%
j Total Other Benefits			15,803.		15,803.	.30%
k Total. Add lines 7d and 7j			908,884.	567,307.	341,577.	6.51%

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			1,014.		1,014.	.02%
3 Community support			1,014.		1,014.	.02%
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development			507.		507.	.01%
9 Other						
10 Total			2,535.		2,535.	.05%

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

Section A. Bad Debt Expense			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1	X
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	315,241.	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0.	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	2,006,431.
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,986,564.
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	19,867.

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6.

Check the box that describes the method used:

☐ Cost accounting system ☐ Cost to charge ratio ☒ Other

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a	X
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	X

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)

[illegible]

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group GENESIS MEDICAL CENTER, ALEDOFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1**Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**1** During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9.

	Yes	No
1		X

If "Yes," indicate what the CHNA report describes (check all that apply):

- a ☐ A definition of the community served by the hospital facility
- b ☐ Demographics of the community
- c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☐ How data was obtained
- e ☐ The health needs of the community
- f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☐ The process for consulting with persons representing the community's interests
- i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j ☐ Other (describe in Part VI)

2 Indicate the tax year the hospital facility last conducted a CHNA: 20 **3** In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted

3

4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI

4

5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):

5

- a ☐ Hospital facility's website
- b ☐ Available upon request from the hospital facility
- c ☐ Other (describe in Part VI)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):

- a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b ☐ Execution of the implementation strategy
- c ☐ Participation in the development of a community-wide plan
- d ☐ Participation in the execution of a community-wide plan
- e ☐ Inclusion of a community benefit section in operational plans
- f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g ☐ Prioritization of health needs in its community
- h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i ☐ Other (describe in Part VI)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs

7

8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?

8a

b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?

8b

c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

Part V Facility Information (continued) GENESIS MEDICAL CENTER, ALEDO**Financial Assistance Policy**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	10	X
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
11 Used FPG to determine eligibility for providing discounted care?	11	X
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		
12 Explained the basis for calculating amounts charged to patients?	12	X
If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a ☒ Income level		
b ☒ Asset level		
c ☒ Medical indigency		
d ☒ Insurance status		
e ☒ Uninsured discount		
f ☒ Medicaid/Medicare		
g ☒ State regulation		
h ☐ Other (describe in Part VI)		
13 Explained the method for applying for financial assistance?	13	X
14 Included measures to publicize the policy within the community served by the hospital facility?	14	X
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a ☒ The policy was posted on the hospital facility's website		
b ☒ The policy was attached to billing invoices		
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d ☒ The policy was posted in the hospital facility's admissions offices		
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility		
f ☒ The policy was available on request		
g ☐ Other (describe in Part VI)		

Billing and Collections

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	X	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP:			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Schedule H (Form 990) 2012

Part V Facility Information (continued) GENESIS MEDICAL CENTER, ALEDO

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
19	X	

If "No," indicate why:

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a ☒ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☐ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

21		X

If "Yes," explain in Part VI.

22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?

22		X

If "Yes," explain in Part VI.

Schedule H (Form 990) 2012

Part V Facility Information *(continued)***Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 1

Name and address

Type of Facility (describe)

1 GENESIS HEALTH GROUP, ALEDO
1007 N.W. 3RD STREET
ALEDO, IL 61231

OUTPATIENT PHYSICIAN CLINIC

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

PART I, LINE 3C: NOT APPLICABLE

PART I, LINE 6A: NOT APPLICABLE

PART I, LINE 7: GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) UTILIZED
WORKSHEET 2 TO CALCULATE ITS COST-TO-CHARGE RATIO. THE CALCULATED
COST-TO-CHARGE RATIO WAS USED TO CALCULATE THE COST OF CHARITY CARE AND
UNREIMBURSED MEDICAID. COSTS OF THE "OTHER BENEFITS" REPORTED IN 7E -7I
WERE COMPILED THROUGHOUT THE YEAR IN THE COMMUNITY BENEFIT DATABASE (I.E.,
CBISA) THAT GMC, ALEDO UTILIZES.

PART I, LINE 7G: NO COSTS ASSOCIATED WITH A PHYSICIAN CLINIC WERE
REPORTED IN SUBSIDIZED HEALTH SERVICES.

PART I, LN 7 COL(F): NO BAD DEBT EXPENSE WAS INCLUDED IN THE DENOMINATOR
BECAUSE BAD DEBT WAS REPORTED IN LINE 2F OF PART VIII, STATEMENT OF
REVENUE. THE ORGANIZATION'S TOTAL COMMUNITY BENEFIT EXPENSE AS A
PERCENTAGE OF TOTAL EXPENSES IS 17.35%, AND THE PERCENTAGE INCREASES TO

Part VI Supplemental Information

55.28% IF MEDICARE COST REPORT ALLOWABLE COSTS ARE INCLUDED IN TOTAL
COMMUNITY BENEFIT EXPENSE.

PART I, LINE 5A:

GENESIS MEDICAL CENTER, ALEDO WAS ACQUIRED BY GENESIS HEALTH SYSTEM
(GHS ILLINOIS) ON FEBRUARY 1, 2013, AND A BUDGET WAS NOT PREPARED FOR
THE FIVE MONTHS ENDED JUNE 30, 2013.

PART II: ECONOMIC DEVELOPMENT (F2): GENESIS MEDICAL CENTER,
ALEDO (GMC, ALEDO) SUPPORTS EMPLOYEE COUNCIL/CHAMBER INVOLVEMENT BY
PARTICIPATING AS A BOARD MEMBER OF "ALEDO MAIN STREET."

COMMUNITY SUPPORT (F3): GMC, ALEDO SUPPORTS EMPLOYEE INVOLVEMENT WITH BIG
BROTHERS BIG SISTERS.

WORKFORCE DEVELOPMENT (F8): GMC, ALEDO SUPPORTS ITS EMPLOYEE INVOLVEMENT
ON THE ROCK ISLAND, HENRY AND MERCER COUNTIES WORKFORCE DEVELOPMENT BOARD.

PART II, LINE 2:

IN ACCORDANCE WITH HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION
STATEMENT NO. 15, BAD DEBT IS REPORTED AT THE FULL-ESTABLISHED CHARGE
FROM THE MOST RECENT AUDITED FINANCIAL REPORT. PAYMENTS RECEIVED AFTER
AN ACCOUNT HAD BEEN WRITTEN OFF TO BAD DEBT WERE CREDITED TO A BAD DEBT
RECOVERY ACCOUNT. DISCOUNTS ON PATIENT ACCOUNTS PROVIDED BY THIRD-PARTY
PAYERS WERE WRITTEN OFF TO A CONTRACTUAL ALLOWANCE ACCOUNT.

PART III, LINE 3:

Part VI Supplemental Information

GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) UTILIZES AVADYNE HEALTH TO PROCESS AGING PATIENT ACCOUNTS. AVADYNE HEALTH'S COLLECTION PROCESS UTILIZES PUBLICLY AVAILABLE INFORMATION TO ENSURE ALL AGING PATIENT ACCOUNTS RECEIVE FINANCIAL ASSISTANCE IN ACCORDANCE TO GMC, ALEDO POLICY BEFORE BEING DEEMED BAD DEBT. GMC, ALEDO REPORTED ZERO DOLLARS FOR THE ESTIMATED AMOUNT OF THE ORGANIZATION'S BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY.

PART III, LINE 4:

PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED LESS AMOUNTS COVERED BY THIRD-PARTY PAYERS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES BASED ON A REVIEW OF ALL OUTSTANDING AMOUNTS ON A MONTHLY BASIS. RECEIVABLES DUE FROM MEDICAL OFFICE BUILDING TENANTS AND FROM COMMERCIAL LAUNDRY CUSTOMERS ARE CARRIED AT THE ORIGINAL INVOICE AMOUNT LESS AN ESTIMATE MADE FOR DOUBTFUL ACCOUNTS. MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLED ACCOUNTS, BY HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS, AND BY CONSIDERING THE PATIENT'S FINANCIAL HISTORY, CREDIT HISTORY AND CURRENT ECONOMIC CONDITIONS. GENESIS MEDICAL CENTER, ALEDO DOES NOT CHARGE INTEREST ON PATIENT RECEIVABLES. RECEIVABLES ARE WRITTEN OFF AS BAD DEBTS WHEN DEEMED UNCOLLECTIBLE. RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF BAD DEBT EXPENSE WHEN RECEIVED.

PART III, LINE 8: THE MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT REPORTED IN PART III, LINES 5, 6, AND 7 FOR THE HOSPITAL. NO

Part VI Supplemental Information

MEDICARE SHORTFALLS WERE INCLUDED IN COMMUNITY BENEFIT. THE MEDICARE COST REPORT SHORTFALL REPRESENTS THE DIFFERENCE BETWEEN THE TOTAL REVENUE RECEIVED FROM MEDICARE BASED ON MEDICARE COST REPORT REIMBURSEMENT RATES AND THE COSTS INCURRED BY GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) IN PROVIDING HEALTHCARE SERVICES TO THE ELDERLY. THE TOTAL MEDICARE SHORTFALL, WHICH INCLUDES FEE SCREEN SERVICES, WAS \$55,070. IN ACCORDANCE WITH GMC, ALEDO'S MISSION STATEMENT, "TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED," THE ELDERLY WERE SERVED DESPITE THE TOTAL MEDICARE LOSS OF \$55,070. GMC, ALEDO HAS A CLEAR MISSION TO SERVE ALL THOSE IN NEED AND TO IMPROVE THE HEALTH OF THE COMMUNITY INCLUDING THE ELDERLY. FURTHERMORE, THERE ARE NO FOR-PROFIT HOSPITALS IN THE COMMUNITY, AND THEREFORE GMC, ALEDO IS THE ONLY HEALTHCARE ORGANIZATION IN THE COMMUNITY WHO PROVIDES ACCESS TO HEALTHCARE FOR MEDICARE PATIENTS. ACCORDINGLY, IT IS GMC, ALEDO'S POSITION FOR THE REASONS STATED ABOVE THAT THE TOTAL MEDICARE SHORTFALL OF \$55,070 REPRESENTS A COMMUNITY BENEFIT. PURSUANT TO THE INSTRUCTIONS TO THE FORM 990, SCHEDULE H, THE MEDICARE SHORTFALL IS NOT INCLUDED IN PART I, LINE 7. IF THE TOTAL MEDICARE SHORTFALL WAS INCLUDED IN PART I, LINE 7, THEN PART I, LINE 7K, COLUMN F WOULD BE 7.57%.

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

PART VI, LINE 2: GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) WAS

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Part VI Supplemental Information

INCORPORATED IN FEBRUARY 2012 AND REQUESTED EXEMPTION FROM THE INTERNAL REVENUE SERVICE. AS A NEWLY FORMED ORGANIZATION, GMC, ALEDO IS REQUIRED TO CONDUCT A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) AND ADOPT AN IMPLEMENTATION STRATEGY TO MEET THE IDENTIFIED COMMUNITY NEEDS BY THE LAST DAY OF THE SECOND TAXABLE YEAR BEGINNING AFTER THE DATE OF 501(C)(3) RECOGNITION. SINCE THE YEAR-ENDED JUNE 30, 2013 REPRESENTS THE FIRST TAXABLE YEAR AFTER INCORPORATION, GMC, ALEDO DID NOT CONDUCT A CHNA.

PART VI, LINE 3: INFORMATION ON THE AVAILABILITY OF FINANCIAL ASSISTANCE IS POSTED IN VISIBLE LOCATIONS IN THE ADMISSION DEPARTMENT OF THE HOSPITAL. IN ADDITION, THE HOSPITAL REGISTRATION STAFF MAKE AVAILABLE INFORMATIVE BROCHURES FOR PATIENTS IN THE EMERGENCY ROOM REGISTRATION AREA EXPLAINING THEIR ELIGIBILITY FOR ASSISTANCE. GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) PROVIDES A PATIENT FINANCIAL COUNSELOR TO DISCUSS OPTIONS WITH THE PATIENTS. SHARED BUSINESS SERVICES PREPARES AND PROVIDES A LETTER TO EACH PATIENT, EXPLAINING THEIR CURRENT BALANCE AND ADVISING THEM OF THEIR OPTIONS. A PHONE NUMBER IS PROVIDED WITH THE LETTER ENCOURAGING THE PATIENT TO CALL IF NEEDED. IN ADDITION, THE GMC, ALEDO WEBSITE WWW.GENESISHEALTH.COM ALSO LISTS THE OPTIONS FOR PAYMENT.

PART VI, LINE 4: THE MISSION OF GENESIS HEALTH SYSTEM (GHS ILLINOIS), SOLE MEMBER OF GENESIS MEDICAL CENTER, ALEDO, (GMC, ALEDO) IS TO PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED. GMC, ALEDO AND ITS RELATED ORGANIZATIONS LIVE ITS MISSION EACH AND EVERY DAY BY SERVING A 10-COUNTY REGION OF EASTERN IOWA AND WESTERN ILLINOIS, INCLUDING BOTH URBAN AND RURAL AREAS.

MERCER COUNTY IS A COUNTY LOCATED IN THE STATE OF ILLINOIS. ACCORDING TO

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Part VI Supplemental Information

THE 2010 CENSUS, IT HAS A POPULATION OF 16,434, WHICH IS A DECREASE OF 3.1% FROM 16,957 IN 2000. ITS COUNTY SEAT IS ALEDO. IT IS ONE OF THE FOUR COUNTIES THAT MAKE UP THE DAVENPORT - MOLINE - ROCK ISLAND METROPOLITAN STATISTICAL AREA.

AS OF THE CENSUS OF 2000, THERE WERE 16,957 PEOPLE, 6,624 HOUSEHOLDS, AND 4,915 FAMILIES RESIDING IN THE COUNTY. OUT OF THE 6,624 HOUSEHOLDS, 32.10% HAD CHILDREN UNDER THE AGE OF 18 LIVING WITH THEM, 63.5% WERE MARRIED COUPLES LIVING TOGETHER, 7.2% HAD A FEMALE HOUSEHOLDER WITH NO HUSBAND PRESENT, AND 25.8% WERE NON-FAMILIES. 22.8% OF ALL HOUSEHOLDS WERE MADE UP OF INDIVIDUALS AND 11.6% HAD SOMEONE LIVING ALONE WHO WAS 65 YEARS OF AGE OR OLDER. THE AVERAGE HOUSEHOLD SIZE WAS 2.53 AND THE AVERAGE FAMILY SIZE WAS 2.96.

IN THE COUNTY THE POPULATION WAS SPREAD OUT WITH 24.80% UNDER THE AGE OF 18, 7.3% FROM 18 TO 24, 26.6% FROM 25 TO 44, 25.4% FROM 45 TO 64, AND 15.90% WHO WERE 65 YEARS OF AGE OR OLDER. THE MEDIAN AGE WAS 40 YEARS. FOR EVERY 100 FEMALES THERE WERE 96.90 MALES. FOR EVERY 100 FEMALES AGE 18 AND OVER, THERE WERE 94.20 MALES.

THE RACIAL MAKEUP OF THE COUNTY WAS 98.37% WHITE, 0.29% BLACK OR AFRICAN AMERICAN, 0.12% NATIVE AMERICAN, 0.17% ASIAN, 0.01% PACIFIC ISLANDER, 0.35% FROM OTHER RACES, AND 0.68% FROM TWO OR MORE RACES. 1.27% OF THE POPULATION WERE HISPANIC OR LATINO OF ANY RACE. 25.4% WERE GERMAN, 14.1% AMERICAN, 13.0% SWEDISH, 12.3% ENGLISH AND 11.3% IRISH ANCESTRY.

THE MEDIAN INCOME FOR A HOUSEHOLD IN THE COUNTY WAS \$40,893, AND THE MEDIAN INCOME FOR A FAMILY WAS \$47,192. MALES HAD A MEDIAN INCOME OF

Part VI Supplemental Information

\$35,138 VERSUS \$22,227 FOR FEMALES. THE PER CAPITA INCOME FOR THE COUNTY WAS \$18,645. 7.8% OF THE POPULATION AND 5.8% OF FAMILIES WERE BELOW THE POVERTY LINE. 10% OF THOSE UNDER THE AGE OF 18 AND 8.4% OF THOSE 65 AND OLDER WERE LIVING BELOW THE POVERTY LINE.

PART VI, LINE 5: GENESIS MEDICAL CENTER, ALEDO'S (GMC, ALEDO) BOARD OF DIRECTORS IS A DIVERSE REPRESENTATION OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA THAT GMC, ALEDO AND ITS RELATED ORGANIZATIONS SERVE.

GMC, ALEDO AND ITS RELATED ORGANIZATIONS' EXECUTIVES AND EMPLOYEES SERVE ON DOZENS OF VOLUNTEER BOARDS THROUGHOUT THE REGION ON IMPORTANT PROJECTS AND INITIATIVES, SUCH AS HOMELESS SHELTERS, MENTAL HEALTH, DOWNTOWN REDEVELOPMENT AND EVENTS AND FESTIVALS. GMC, ALEDO EMPLOYEES SERVE THE COMMUNITIES WHERE THEY LIVE BY SERVING IN ELECTED OFFICES IN CITY AND COUNTY GOVERNMENT.

GMC, ALEDO EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITIES.

THE EMPLOYEES OF GMC, ALEDO AND ITS RELATED ORGANIZATIONS SUPPORT COMMUNITY OUTREACH PROGRAMS THROUGH A PROGRAM CALLED "TAKIN IT TO THE STREETS." PROJECTS HAVE INCLUDED PRIMARY SPONSORSHIP OF A HABITAT FOR HUMANITY HOUSE (280 VOLUNTEERS); COLLECTION OF ITEMS FOR DOMESTIC VIOLENCE SHELTERS AND HUMILITY OF MARY HOMELESS SHELTER; X-STREAM CLEANUP (85 VOLUNTEERS), A CLEANUP PROJECT OF RIVERS AND STREAMS, AND ADOPT A HIGHWAY. EMPLOYEES HAVE USED THEIR COLLECTIVE IMPACT AND GENEROSITY TO SECURE DONATIONS FOR FOOD PANTRIES.

Part VI Supplemental Information

GMC, ALEDO PROVIDES THE COMMUNITY WITH CLASSES AND EVENTS PROMOTING HEALTH AND HEALTH EDUCATION. RESIDENTS IN THE REGION SERVED BY GMC, ALEDO LEARN CPR, FIRST AID, PARENTING SKILLS AND NEWBORN CARE BY ENROLLING IN CLASSES.

GMC, ALEDO AND ITS RELATED ORGANIZATIONS LAUNCHED GENESIS DINEWELL, A HEALTHY EATING PLAN FOR ITS OWN CAFETERIAS AND FOR RESTAURANTS IN THE REGION. GENESIS DINEWELL WILL WORK WITH LOCAL RESTAURANTS TO MAKE INFORMATION PUBLIC ABOUT HEALTHY RECIPES AND MENU ITEMS. THE IDEA IS THAT THE PUBLIC WILL BE BETTER ABLE TO MAKE INFORMED DECISIONS ABOUT THEIR FOOD CHOICES. DIETITIANS WILL COMPILE HEALTH RECIPES TO PROVIDE TO THE PUBLIC. THERE WILL ALSO BE AN "ASK THE DIETITIAN" FEATURE AVAILABLE AT WWW.GENESISHEALTH.COM.

GMC, ALEDO AND ITS RELATED ORGANIZATIONS LAUNCHED A TOBACCO-FREE PARKS PROJECT IN 2013. A PETITION DRIVE WILL ASK COMMUNITIES TO BAN SMOKING WITHIN A DEFINED DISTANCE FROM PLAYGROUNDS, YOUTH ATHLETIC FIELDS AND OTHER AREAS WHERE CHILDREN PLAY AND ENJOY SPORTS EVENTS. HUNDREDS OF PEOPLE HAVE SIGNED THE PETITION.

GMC, ALEDO AND ITS RELATED ORGANIZATIONS HAS REDUCED ITS ENVIRONMENTAL FOOTPRINT ON THE COMMUNITIES IT SERVES BY IMPLEMENTING BULK WASTE RECYCLING, POLYSTYRENE RECYCLING, REDUCING SHARPS DISPOSAL, IMPLEMENTING WATER RUNOFF MEASURES, AND REDUCING WATER AND CHEMICAL USAGE IN THE MEDICAL LAUNDRY.

GMC, ALEDO AND ITS RELATED ORGANIZATIONS MAINTAINS AN ACTIVE EFFORT TO ADVOCATE FOR ACCESS TO HEALTH CARE IN IOWA AND ILLINOIS STATE GOVERNMENT AND IN WASHINGTON D.C. EMPLOYEES ALSO PARTICIPATE IN A VOTER VOICE

Schedule H (Form 990)

Part VI Supplemental Information

INITIATIVE TO ADVOCATE ON IMPORTANT HEALTH ISSUES WITH CITY, COUNTY, STATE AND NATIONAL ELECTED OFFICIALS.

SURPLUS FUNDS RESULTING FROM EFFICIENT OPERATIONS AND COST-CONTAINMENT MEASURES ARE RE-INVESTED IN THE HEALTHCARE OPERATIONS OF GMC, ALEDO TO IMPROVE THE HEALTHCARE SERVICES THAT GMC, ALEDO PROVIDES. ADVANCES IN MEDICAL EQUIPMENT AND TECHNOLOGY, STAFF EDUCATION, AND NEW MEDICAL SERVICES ARE EXAMPLES OF OPERATIONAL INVESTMENTS THAT ULTIMATELY IMPROVE THE HEALTH OF THE COMMUNITIES THAT GMC, ALEDO SERVES.

PART VI, LINE 6: GENESIS HEALTH SYSTEM (GHS IOWA), AN IOWA NONPROFIT CORPORATION, AND GENESIS HEALTH SYSTEM (GHS ILLINOIS), AN ILLINOIS NOT-FOR-PROFIT CORPORATION, HAVE IDENTICAL GOVERNING BOARDS, MANAGEMENT AND BYLAWS AND CAN ACT JOINTLY. GHS IOWA IS ALSO THE SOLE MEMBER OF GENESIS HEALTH SERVICES FOUNDATION AND GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST, THE SOLE STOCKHOLDER OF GENVENTURES, INC., A MEMBER OF MISERICORDIA ASSURANCE COMPANY, LTD. AND A PARTNER IN GENGASTRO, LLC. GHS ILLINOIS IS THE SOLE MEMBER OF GENESIS MEDICAL CENTER, ALEDO AND GENESIS SENIOR LIVING, ALEDO AND IS A PARTNER IN THE LARSON CENTER PARTNERSHIP.

THE FOLLOWING ENTITIES WERE FORMED DURING THE YEAR ENDED JUNE 30, 2013:

GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) IS CERTIFIED AS A CRITICAL ACCESS HOSPITAL, WHICH HAS 22-ACUTE CARE AND SWING BEDS, AS WELL AS A PHYSICIAN CLINIC, WHICH PROVIDES SERVICES FROM ITS FACILITY IN ALEDO, ILLINOIS.

Part VI Supplemental Information

ON FEBRUARY 1, 2013, GMC, ALEDO ACQUIRED ALL OF THE ASSETS AND ASSUMED ALL THE LIABILITIES OF THE HOSPITAL IN ALEDO, ILLINOIS FROM MERCER COUNTY, ILLINOIS, FOR NO CONSIDERATION. THE ASSETS ACQUIRED EXCEED THE LIABILITIES ASSUMED BY APPROXIMATELY \$2,536,000, A CONTRIBUTION WHICH IS PRESENTED AS A COMPONENT OF OTHER NONOPERATING INCOME.

GENESIS SENIOR LIVING, ALEDO (GSL, ALEDO) IS CERTIFIED AS A NURSING FACILITY, WHICH HAS A 92-BED LONG-TERM CARE FACILITY, WHICH PROVIDES SERVICES FROM ITS FACILITY IN ALEDO, ILLINOIS.

ON FEBRUARY 1, 2013, GSL, ALEDO ACQUIRED ALL OF THE ASSETS AND ASSUMED ALL THE LIABILITIES OF THE NURSING HOME IN ALEDO, ILLINOIS FROM MERCER COUNTY, ILLINOIS FOR APPROXIMATELY \$2,250,000. THE ASSETS ACQUIRED EXCEED THE LIABILITIES ASSUMED AND CONSIDERATION PAID BY APPROXIMATELY \$725,000, A CONTRIBUTION WHICH IS PRESENTED AS A COMPONENT OF OTHER NONOPERATING INCOME.

GHS IOWA, GHS ILLINOIS, GMC, ALEDO, AND GSL, ALEDO COLLECTIVELY REPRESENT THE OBLIGATED GROUP ON CERTAIN COMPONENTS OF THE OBLIGATED GROUP'S LONG-TERM DEBT.

GHS IOWA AND GHS ILLINOIS OPERATE THE FOLLOWING BUSINESS UNITS:

GENESIS HEALTH SYSTEM PROVIDES ADMINISTRATIVE, MANAGEMENT, INFORMATION TECHNOLOGY AND OTHER SUPPORT SERVICES TO ITS AFFILIATES.

GENESIS CLINICAL SERVICES OPERATES PHYSICIAN MEDICAL PRACTICES, CONVENIENT CARE PRACTICES AND AN OCCUPATIONAL MEDICINE CLINIC AND PROVIDES BEHAVIORAL

Part VI Supplemental Information

HEALTH SERVICES TO THE RESIDENTS OF EASTERN IOWA AND WESTERN ILLINOIS.

GENESIS MEDICAL CENTER - DAVENPORT (GMC - DAVENPORT) IS LICENSED AS A 502-BED ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM TWO HOSPITAL FACILITIES LOCATED IN DAVENPORT, IOWA.

GENESIS FAMILY MEDICAL CENTER (GFMC) IS A FAMILY PRACTICE RESIDENCY TRAINING PROGRAM THAT OPERATES CLINICS IN DAVENPORT AND BLUE GRASS, IOWA TO PROVIDE A CLINICAL SETTING FOR THE RESIDENTS TO TREAT PATIENTS.

GENESIS MEDICAL CENTER - DEWITT (GMC - DEWITT) IS CERTIFIED AS A CRITICAL ACCESS HOSPITAL, WHICH HAS 13-ACUTE CARE AND SWING BEDS, AND HAS A 77-BED LONG-TERM CARE FACILITY, WHICH PROVIDES SERVICES FROM ITS FACILITY IN DEWITT, IOWA.

GENESIS ILLINOIS PROPERTIES (GIP) OWNED LAND LOCATED IN MOLINE, ILLINOIS. DURING THE YEAR ENDED JUNE 30, 2012, GIP SOLD ITS LAND TO GENESIS MEDICAL CENTER - ILLINI AND GIP WAS DISCONTINUED AS A BUSINESS UNIT.

GENESIS VISITING NURSE ASSOCIATION AND HOSPICE (VNA) PROVIDES HOME HEALTH CARE, COMMUNITY NURSING SERVICES AND HOSPICE SERVICES TO PATIENTS IN EASTERN IOWA AND WESTERN ILLINOIS.

GENESIS MEDICAL CENTER - ILLINI (GMC - ILLINI) IS LICENSED AS A 149-BED ACUTE CARE HOSPITAL WHICH PROVIDES SERVICES FROM ITS FACILITY IN SILVIS, ILLINOIS.

ILLINI HOSPITAL NURSING HOME (INH) OPERATES ILLINI RESTORATIVE CARE CENTER

Part VI Supplemental Information

AND CROSSTOWN SQUARE. ILLINI RESTORATIVE CARE CENTER IS A 120-BED LICENSED NURSING FACILITY, CONSISTING OF 75 SKILLED CARE BEDS AND 45 SHELTERED CARE BEDS. TWENTY-TWO OF THE SKILLED CARE BEDS ARE DESIGNATED AS HOSPITAL-BASED MEDICARE CERTIFIED BEDS. THE SHELTERED CARE UNIT PROVIDES REHABILITATIVE AND PERSONAL CARE IN A FAMILY-ORIENTED SETTING. CROSSTOWN SQUARE IS AN INDEPENDENT LIVING FACILITY CONTAINING 76 RENTABLE APARTMENTS AND TWO GUEST ROOMS THAT OFFERS SERVICES DESIGNED TO MEET THE NEEDS OF SENIOR ADULTS.

GHS IOWA AND GHS ILLINOIS HAVE A CONTROLLING OWNERSHIP INTEREST OR MEMBERSHIP IN THE FOLLOWING ORGANIZATIONS:

GENESIS HEALTH SERVICES FOUNDATION (GENESIS FOUNDATION) IS AN ORGANIZATION WHOSE MISSION IS TO DEVELOP, MANAGE AND GRANT CHARITABLE SUPPORT TO MEET THE HEALTH-RELATED NEEDS OF THE COMMUNITIES SERVED BY GENESIS HEALTH SYSTEM. THE GENESIS FOUNDATION IS REFERRED TO AS THE FOUNDATION.

ILLINI HOSPITAL FOUNDATION (ILLINI FOUNDATION) SUPPORTED GMC - ILLINI BY PROVIDING FINANCIAL AND FUNDRAISING ASSISTANCE. THE MISSION OF THE ILLINI FOUNDATION WAS TO ASSIST GMC - ILLINI IN PROVIDING QUALITY, COMPASSIONATE CARE FOR ALL THOSE IN NEED BY RAISING, MANAGING AND GRANTING CHARITABLE FUNDS. DURING THE YEAR ENDED JUNE 30, 2012, ILLINI FOUNDATION MERGED WITH GENESIS FOUNDATION AND ILLINI FOUNDATION WAS DISSOLVED.

GENGASTRO, LLC (D/B/A THE CENTER FOR DIGESTIVE HEALTH) IS A LIMITED LIABILITY COMPANY, WHICH WAS FORMED IN 2003, A SINGLE-SPECIALTY GASTROENTEROLOGY AMBULATORY SURGERY CENTER LOCATED IN BETTENDORF, IOWA. UPON OBTAINING A CONTROLLING INTEREST, THE SYSTEM CONSOLIDATED THE

Part VI Supplemental Information

ACCOUNTS OF GENGASTRO, LLC IN ITS CONSOLIDATED FINANCIAL STATEMENTS IN JANUARY 2011. DURING THE YEAR ENDED JUNE 30, 2012, GHS IOWA ACQUIRED AN ADDITIONAL 8.33% INTEREST IN GENGASTRO, LLC FROM NONCONTROLLING INTERESTS AND MAINTAINS A 75% OWNERSHIP INTEREST AS OF JUNE 30, 2013 AND 2012.

THE LARSON CENTER PARTNERSHIP (LCP) IS A FOR-PROFIT REAL ESTATE PARTNERSHIP WHICH OWNS A MEDICAL OFFICE BUILDING ADJACENT TO GMC - ILLINI AND LEASES SPACE FOR CLINICS, LABORATORY, PHARMACY AND OFFICES TO GMC - ILLINI AND OTHER THIRD-PARTY ORGANIZATIONS. GHS ILLINOIS IS A GENERAL PARTNER AND OWNS APPROXIMATELY 75.6% OF LCP.

GENVENTURES, INC. (GENVENTURES) IS A WHOLLY-OWNED FOR-PROFIT CORPORATION WHICH OPERATES THE FOLLOWING DIVISIONS, PRIMARILY IN THE QUAD CITIES:

GENESIS AT HOME, CONTINUING CARE SELLS AND LEASES HOME MEDICAL EQUIPMENT; PROVIDES INTRAVENOUS THERAPY SERVICES, INCLUDING SALES OF RELATED SOLUTIONS AND SUPPLIES TO PATIENTS; AND PROVIDES RETAIL PHARMACEUTICAL AND OVER-THE-COUNTER PRODUCTS TO PATIENTS AND EMPLOYEES OF THE SYSTEM.

GENPROPERTIES OWNS, LEASES AND/OR MANAGES OFFICE SPACE IN 15 MEDICAL OFFICE BUILDINGS LOCATED IN BETTENDORF, CLINTON, DAVENPORT, ELDRIDGE, LE CLAIRE AND MUSCATINE, IOWA.

CRESCENT LAUNDRY PROVIDES COMMERCIAL LAUNDRY SERVICES TO HEALTH CARE FACILITIES IN EASTERN IOWA AND IN NORTH-CENTRAL ILLINOIS.

GENESIS ACCOUNTABLE CARE ORGANIZATION, LLC (GENESIS ACO) IS AN IOWA LIMITED LIABILITY COMPANY FORMED IN DECEMBER 2011. ITS PURPOSE IS TO

Schedule H (Form 990)

Part VI Supplemental Information

ENGAGE IN ANY LAWFUL BUSINESS AND ANY BUSINESS RELATED TO CREATION AND ORGANIZATION OF A "PHYSICIAN-DRIVEN" NETWORK TO ACT AS, AND/OR PARTICIPATE IN, AN ACCOUNTABLE CARE ORGANIZATION WITHIN THE MEANING OF THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT. THE COMPANY IS ALSO ORGANIZED TO DEVELOP A CLINICALLY INTEGRATED NETWORK OF PROVIDERS INCLUDING PHYSICIANS, HEALTH PROFESSIONALS, HOSPITALS AND ANCILLARY PROVIDERS WORKING TOGETHER TO PROMOTE HIGH QUALITY, COORDINATED AND EFFICIENT CARE TO PATIENTS INCLUDING MEMBERS OF VARIOUS MANAGED CARE PAYORS AND THE COMMUNITY AT LARGE.

GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN AND TRUST (WORKERS' COMPENSATION TRUST) PROVIDES A FUND WHICH CAN BE USED TO PAY WORKERS' COMPENSATION CLAIMS AND COSTS FOR THE BENEFIT OF GMC, ALEDO.

MISERICORDIA ASSURANCE COMPANY, LTD. (MISERICORDIA) IS A WHOLLY-OWNED CAYMAN BASED CAPTIVE INSURANCE COMPANY WHICH UNDERWRITES THE GENERAL AND PROFESSIONAL LIABILITY RISKS OF GHS IOWA AND AFFILIATES.

DAVENPORT SRS LEASING, LLC (SRS) IS A LIMITED LIABILITY COMPANY, WHICH WAS FORMED IN 2008, WHICH LEASES MEDICAL EQUIPMENT. GHS IOWA MAINTAINED A 93.75% OWNERSHIP INTEREST AS OF JUNE 30, 2011. DURING THE YEAR ENDED JUNE 30, 2012, GMC - DAVENPORT ACQUIRED THE REMAINING INTEREST OF SRS, TO OBTAIN 100% OWNERSHIP. UPON OBTAINING 100% OWNERSHIP, THE ASSETS, LIABILITIES AND OPERATIONS OF SRS WERE TRANSFERRED TO GMC - DAVENPORT AND SRS WAS DISSOLVED.

GENESIS PHILANTHROPY IS A WHOLLY-OWNED TAX-EXEMPT ENTITY FORMED IN 2013, WHICH WILL PARTNER WITH OTHER HOSPITAL FOUNDATIONS TO FORM A REGIONAL

Part VI Supplemental Information

NETWORK TO ATTRACT DONORS TO HELP FUND SPECIFIC HEALTH-RELATED CAUSES AND
PROMOTE WELLNESS IN THE REGION. GENESIS PHILANTHROPY HAD NO FINANCIAL
ACTIVITY FOR THE YEAR ENDED JUNE 30, 2013.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

IL, IA

**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

GENESIS MEDICAL CENTER, ALEDO

Employer identification number

45-4475683

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.

- | | |
|--|--|
| ☐ First-class or charter travel | ☐ Housing allowance or residence for personal use |
| ☐ Travel for companions | ☐ Payments for business use of personal residence |
| ☐ Tax indemnification and gross-up payments | ☐ Health or social club dues or initiation fees |
| ☐ Discretionary spending account | ☐ Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes 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.

- | | |
|--|--|
| ☐ Compensation committee | ☐ Written employment contract |
| ☐ Independent compensation consultant | ☐ Compensation survey or study |
| ☐ Form 990 of other organizations | ☐ Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- 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

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

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.

PART I, LINE 4B: THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2012 SPONSORED BY GENESIS HEALTH SYSTEM (GHS IOWA), A RELATED ORGANIZATION: DOUGLAS P. CROPPER - \$480,670, MARK G. ROGERS - \$190,594, AND JUDITH A. MONDELLO - \$24,876. THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GHS IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2012. THIS INFORMATION IS INCLUDED IN REPORTABLE COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J, PART II.

THE FOLLOWING INDIVIDUALS ALSO PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2012 SPONSORED BY GHS IOWA, A RELATED ORGANIZATION: DOUGLAS P. CROPPER - \$87,128, MARK G. ROGERS - \$38,307, AND JUDITH A. MONDELLO - \$26,876. THE DOLLAR AMOUNT REPRESENTS THE CURRENT YEAR CONTRIBUTION MADE BY GHS IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2012. THIS INFORMATION IS INCLUDED IN DEFERRED COMPENSATION ON THE FORM 990, PART VII AND SCHEDULE J, PART II.

PART II, COLUMN F: THE FOLLOWING INDIVIDUALS ALSO

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.

PARTICIPATED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT SAVINGS BENEFIT PLAN IN 2009, 2010, 2011, AND 2012 SPONSORED BY GENESIS HEALTH SYSTEM (GHS IOWA), A RELATED ENTITY: DOUGLAS P. CROPPER - \$341,127 AND MARK G. ROGERS - \$132,586. THE DOLLAR AMOUNT REPRESENTS PRIOR YEAR CONTRIBUTIONS MADE BY GHS IOWA ON BEHALF OF THE INDIVIDUALS TO THE PLAN IN 2009, 2010, AND 2011. THIS INFORMATION WAS INCLUDED IN DEFERRED COMPENSATION ON THE PRIOR YEARS' FORM 990, PART VII AND SCHEDULE J, PART II. THESE INDIVIDUALS REACHED A SPECIFIED LEVEL OF VESTING IN 2012, SO THE DOLLAR AMOUNT IS NOW INCLUDED IN REPORTABLE COMPENSATION ON THE CURRENT YEAR FORM 990, PART VII AND SCHEDULE J, PART II. THE DOLLAR AMOUNT IS ALSO LISTED AS COMPENSATION REPORTED IN A PRIOR YEAR FORM 990 ON THE CURRENT YEAR FORM 990, SCHEDULE J, PART II.

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

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

OMB No. 1545-0047

2012

Open To Public Inspection

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

Employer identification number
45-4475683

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

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

[illegible]

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958

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

Part II	Loans to and/or From Interested Persons.
----------------	---

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

[illegible]

Part III		Grants or Assistance Benefiting Interested Persons.
-----------------	--	--

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

[illegible]

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
EDWARD (TED) J. ROGALSKI	SEE BELOW IN PART V	66,405.	EDWARD (TED)		X

Part V Supplemental Information

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

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: EDWARD (TED) J. ROGALSKI

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

SEE BELOW IN PART V

(C) AMOUNT OF TRANSACTION \$ 66,405.

(D) DESCRIPTION OF TRANSACTION: EDWARD (TED) J. ROGALSKI RECEIVES
 COMPENSATION FROM GENESIS HEALTH SYSTEM (GHS IOWA), AS GENESIS MEDICAL
 CENTER, ALEDO ADMINISTRATOR.

(E) SHARING OF ORGANIZATION REVENUES? = NO

FORM 990, SCHEDULE L, PART IV, COLUMN B

DESCRIPTION OF RELATIONSHIP - EDWARD (TED) J. ROGALSKI

EDWARD (TED) J. ROGALSKI IS THE SON OF EDWARD J. ROGALSKI, PH.D.,
 DIRECTOR OF GENESIS MEDICAL CENTER, ALEDO.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

Employer identification number

45-4475683

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

PROVIDE COMPASSIONATE, QUALITY HEALTH SERVICES TO ALL THOSE IN NEED.

FORM 990, PART I, LINE 4 & PART VI, SECTION A, LINE 1B:

THE FOLLOWING GENESIS MEDICAL CENTER, ALEDO DIRECTORS ARE NOT

INDEPENDENT DUE TO TRANSACTIONS DISCLOSED ON FORM 990, SCHEDULE L OF

GENESIS HEALTH SYSTEM (GHS IOWA), A RELATED TAX-EXEMPT ORGANIZATION:

EDMUND P. COYNE, JR., M.D., THOMAS A. GILDEHAUS, ROGER J. HILL, MARK C.

KILMER, JAMES W. KOEHLER, EDWIN V. MOTTO, M.D., AND C. DANA WATERMAN

III.

FORM 990, PART VI, SECTION A, LINE 6: THE SOLE MEMBER OF GENESIS MEDICAL

CENTER, ALEDO IS GENESIS HEALTH SYSTEM (GHS ILLINOIS), AN ILLINOIS

NONPROFIT CORPORATION.

FORM 990, PART VI, SECTION A, LINE 7A: AS THE SOLE MEMBER OF GENESIS

MEDICAL CENTER, ALEDO (CORPORATION), GENESIS HEALTH SYSTEM (GHS ILLINOIS)

HAS THE POWER: 1) TO DETERMINE THE NUMBER OF DIRECTORS OF THE CORPORATION
AND TO ELECT, APPOINT, REMOVE OR FILL THE VACANCIES OF THE BOARD MEMBERS;

2) TO PRESENT AT ANY REGULAR OR SPECIAL BOARD MEETING I) AMENDMENTS TO THE
ARTICLES OF INCORPORATION OR BYLAWS, II) A PLAN OF MERGER OR CONSOLIDATION
BY THE CORPORATION INTO OR WITH ANY OTHER CORPORATION, III) A PROPOSAL FOR
ANY SALE, LEASE, EXCHANGE, MORTGAGE, PLEDGE, OR OTHER DISPOSITION OF ALL,
OR SUBSTANTIALLY ALL, OF THE CORPORATION'S ASSETS, AND III) A PROPOSAL FOR

DISSOLUTION OF THE CORPORATION AND PLAN OF DISTRIBUTION; 3) TO ESTABLISH

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

Schedule O (Form 990 or 990-EZ) (2012)

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Name of the organization

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45-4475683

SYSTEM WIDE POLICIES AND PROCEDURES REGARDING QUALITY OF CARE, FINANCE, UTILIZATION OF RESOURCES, MANAGED CARE CONTRACTING, STRATEGIC PLANNING, AND EMPLOYEE BENEFITS; 4) TO ASSESS THE CORPORATION EXPENSES OF THE MEMBER ATTRIBUTABLE TO THE CORPORATION AND AFFILIATES AND TO ASSESS TO THE CORPORATION ITS SHARE OF GENERAL OVERHEAD OF THE MEMBER; AND 5) TO DIRECT THE CORPORATION TO TRANSFER FUNDS TO THE MEMBER FOR THE DEVELOPMENT OF SYSTEM WIDE PROJECTS.

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

FORM 990, PART VI, SECTION B, LINE 12C: ANY COVERED PERSON, DEFINED AS ANY DIRECTOR, OFFICER, OR MEMBER OF A BOARD OR BOARD COMMITTEE OF GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) OR AN AFFILIATE, SHOULD DISCLOSE AN INTEREST OR POTENTIAL INTEREST AS SOON AS THEY BECOME AWARE OF A POTENTIAL TRANSACTION THAT WILL BE CONSIDERED BY MANAGEMENT, THE BOARD, OR A COMMITTEE OF THE BOARD. COVERED PERSONS ARE REQUIRED ANNUALLY TO DISCLOSE

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Schedule O (Form 990 or 990-EZ) (2012)

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

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ANY POSSIBLE PERSONAL, FAMILY, OR BUSINESS RELATIONSHIPS THAT REASONABLY COULD GIVE RISE TO AN INTEREST OR CONFLICT INVOLVING GMC, ALEDO, OR AN AFFILIATE, OR WITH RESPECT TO DESIGNATED FACILITIES AND ACTIVITIES, AND ACKNOWLEDGE BY HIS OR HER SIGNATURE THAT HE OR SHE IS FAMILIAR WITH AND IS IN COMPLIANCE WITH THE LETTER AND SPIRIT OF THIS POLICY. ANY COVERED PERSON FOUND TO HAVE A CONFLICT OF INTEREST MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING TO PRESENT INFORMATION AND ADDRESS ANY QUESTIONS RAISED BY OTHER DIRECTORS OR COMMITTEE MEMBERS. SAID PERSON SHALL NOT BE ALLOWED TO ACTIVELY AND AGGRESSIVELY ADVOCATE IN HIS OR HER OWN BEHALF NOR SHALL SUCH PERSON ADVOCATE HIS OR HER POSITION INFORMALLY THROUGH PRIVATE CONTACT, COMMUNICATION AND DISCUSSION WITH ANOTHER DIRECTOR. AFTER SUCH PRESENTATION, THE PERSON SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE APPLICABLE TRANSACTION OR ARRANGEMENT.

FORM 990, PART VI, SECTION B, LINE 15: EACH EXECUTIVE POSITION IS EVALUATED USING A FORMAL EVALUATION PLAN THAT IS ESTABLISHED BY AN OUTSIDE CONSULTANT. AT THE PRESENT TIME, THE CONSULTANT USES A POINT SYSTEM FOR JOB EVALUATION. THE POINT VALUES ARE BASED ON "KNOW HOW", "PROBLEM SOLVING", "ACCOUNTABILITY", AND OTHER JOB ATTRIBUTES SPECIFIC TO THE POSITION. ONCE THE POINT VALUE IS SET FOR A POSITION, MARKET COMPARISONS FOR JOBS WITH THE SAME ORGANIZATIONAL IMPACT CAN BE COMPARED FOR SALARY PURPOSES AND ESTABLISH PAY RANGES. THE DESIGN OF THE PAY RANGES FOR EXECUTIVES IS BASED ON MARKET DATA. THE MIDPOINT OF EACH PAY RANGE IS ESTABLISHED AT THE 50TH PERCENTILE OF THE MARKET COMPARISONS. A MINIMUM AND MAXIMUM ARE ESTABLISHED OFF OF THE MIDPOINT. SPECIFIC PAY RATES FOR EXECUTIVES ARE SUBJECT TO CEO AND COMPENSATION COMMITTEE AND THE GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) BOARD OF DIRECTORS APPROVAL. PAY RANGES ARE REVIEWED EACH YEAR TO DETERMINE THE NEED FOR REVISION. WHEN MARKET CONDITIONS SUGGEST AN

Name of the organization

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ADJUSTMENT TO PAY RANGES, DATA WILL BE PRESENTED TO THE COMPENSATION COMMITTEE FOR ITS REVIEW. THE SPECIFIC PAY RANGES ARE SUBJECT TO CEO, COMPENSATION COMMITTEE, AND GHS BOARD OF DIRECTOR APPROVAL. THE PRESIDENT AND CEO HAVE THE AUTHORITY AND RESPONSIBILITY TO ESTABLISH AND ADJUST, WITHIN THE RANGE APPROVED BY THE COMPENSATION COMMITTEE AND THE GMC, ALEDO BOARD OF DIRECTORS, THE BASE COMPENSATION OF EACH EXECUTIVE EMPLOYED BY GMC, ALEDO, AT APPROPRAITE TIMES. THE GMC, ALEDO BOARD OF DIRECTORS SHALL ESTABLISH AND ADJUST, WITHIN THE RANGE APPROVED BY THE COMPENSATION COMMITTEE, THE BASE COMPENSATION FOR THE CEO OF GMC, ALEDO, AT APPROPRIATE TIMES. THE LAST TIME THIS PROCESS WAS FORMALLY UNDERTAKEN WAS NOVEMBER 2012.

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

FORM 990, PART VII, PART IX, AND SCHEDULE J:

COMPENSATION DISCLOSURE

GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) BEGAN OPERATION IN FEBRUARY 2013. IN ACCORDANCE WITH THE FORM 990 INSTRUCTIONS, FISCAL YEAR COMPENSATION EXPENSE HAS BEEN REPORTED IN PART IX, LINES 5 AND 7. AS GMC, ALEDO PAID NO COMPENSATION IN CALENDAR YEAR 2012, NO COMPENSATION FROM THE ORGANIZATION IS REPORTED ON PART VII, SECTION A, COLUMN D AND SCHEDULE J, PART II.

FORM 990, PART VII, LINE 1A:

GENESIS HEALTH SYSTEM (GHS IOWA), GENESIS HEALTH SYSTEM (GHS ILLINOIS), GENESIS MEDICAL CENTER, ALEDO, AND GENESIS SENIOR LIVING, ALEDO, HAVE

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

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IDENTICAL GOVERNING BOARDS AND AN IDENTICAL EXECUTIVE MANAGEMENT TEAM.

THE HOURS REPORTED ON FORM 990, PART VII, SECTION A, COLUMN (B)

REPRESENTS THE NUMBER OF HOURS THESE INDIVIDUALS DEVOTE TO ALL FOUR

ORGANIZATIONS. FURTHERMORE, THE AMOUNTS REPORTED AS REPORTABLE

COMPENSATION FOR THE OFFICERS, KEY EMPLOYEES, AND HIGHLY COMPENSATED

EMPLOYEES, UNLESS OTHERWISE NOTED ELSEWHERE IN PART VII, ARE FOR

SERVICES RENDERED ON BEHALF OF ALL FOUR ORGANIZATIONS. IT WOULD BE

ADMINISTRATIVELY IMPRACTICABLE FOR MEMBERS OF THE GOVERNING BOARD AND

THE EXECUTIVE TEAM TO BREAKOUT THEIR HOURS DEVOTED AS WELL AS THEIR

REPORTABLE COMPENSATION AMONG EACH ORGANIZATION. ALL REPORTABLE

COMPENSATION, UNLESS OTHERWISE NOTED IN PART VII, IS PAID BY GHS IOWA.

FORM 990, PART VIII, LINE 11A:

ON FEBRUARY 1, 2013, GENESIS MEDICAL CENTER, ALEDO ACQUIRED ALL OF THE

ASSETS AND ASSUMED ALL THE LIABILITIES OF THE HOSPITAL IN ALEDO,

ILLINOIS FROM MERCER COUNTY, ILLINOIS, FOR NO CONSIDERATION. THE ASSETS

ACQUIRED EXCEED THE LIABILITIES ASSUMED BY APPROXIMATELY \$2,540,070, A

CONTRIBUTION WHICH IS PRESENTED AS A COMPONENT OF OTHER NONOPERATING

INCOME ON THE AUDITED FINANCIALS AND AS OTHER INCOME ON FORM 990, PART

VIII, LINE 11A.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CD	10,000.
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ENDOWMENT BALANCE	43,144.
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TOTAL TO FORM 990, PART XI, LINE 9	53,144.
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FORM 990, PART XII, LINE 2C:

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Schedule O (Form 990 or 990-EZ) (2012)

Name of the organization

GENESIS MEDICAL CENTER, ALEDO

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GENESIS MEDICAL CENTER, ALEDO (GMC, ALEDO) IS INCLUDED IN A
CONSOLIDATED AUDIT REPORT. THE OVERSIGHT AND SELECTION PROCESS UTILIZED
BY THE ORGANIZATIONS INCLUDED IN THE CONSOLIDATED GROUP WAS ALSO
IMPLEMENTED FOR GMC, ALEDO.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

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Inspection

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GENESIS MEDICAL CENTER, ALEDO

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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
GENESIS OUTPATIENT PHYSICAL THERAPY, LLC - 20-8389282, 1227 E. RUSHOLME STREET, DAVENPORT, IA 52803	OUTPATIENT PHYSICAL THERAPY SERVICES	IOWA	0.	0.	GENESIS HEALTH SYSTEM (GHS IOWA)
GENESIS ACCOUNTABLE CARE ORGANIZATION, LLC - 45-4168932, 1227 E. RUSHOLME STREET, DAVENPORT, IA 52803	ACCOUNTABLE CARE SERVICES	IOWA	1,365,482.	1,365,482.	GENESIS HEALTH SYSTEM (GHS IOWA)
SPIN ECHO, LLC - 42-1491373 1227 E. RUSHOLME STREET DAVENPORT, IA 52803	PROPERTY MANAGEMENT	IOWA	142,927.	1,600,877.	GENVENTURES, INC.

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?	
						Yes	No
GENESIS HEALTH SYSTEM (GHS ILLINOIS) - 36-3616314, 801 ILLINI DRIVE, SILVIS, IL 61282	HEALTHCARE	ILLINOIS	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM (GHS IOWA)		X
GENESIS HEALTH SYSTEM (GHS IOWA) - 42-1418847, 1227 E. RUSHOLME STREET, DAVENPORT, IA 52803	HEALTHCARE	IOWA	501(C)(3)	LINE 3	GENESIS HEALTH SYSTEM (GHS ILLINOIS)		X
GENESIS HEALTH SYSTEM WORKERS' COMPENSATION PLAN & TRUST - 39-1905171, 1227 E. RUSHOLME STREET, DAVENPORT, IA 52803	EMPLOYEE/BENEFIT/TRUST	IOWA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM (GHS IOWA)		X
DAVENPORT HOSPITAL AMBULANCE CORPORATION - 42-1186903, 1204 E. HIGH STREET, DAVENPORT, IA 52803	AMBULANCE TRANSFERS	IOWA	501(C)(3)	LINE 11A, I	GENESIS HEALTH SYSTEM (GHS IOWA)		X

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

Schedule R (Form 990) 2012

[illegible]

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) Disproportion- ate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1085)	(j) General or managing partner?	(k) Percentage ownership
							Yes	No			
GENGASTRO, LLC - 56-2315623											
2222 53RD AVENUE	AMBULATORY										
BETTENDORF, IA 52722	SURGERY CENTER	IA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SPRING PARK SURGERY CENTER,											
LLC - 42-1483989, 3319 SPRING											
STREET, STE. 202A, DAVENPORT,	OUTPATIENT										
IA 52807	SURGICAL CENTER	IA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LARSON CENTER PARTNERSHIP,											
LLC - 36-3738454, 801 ILLINI	PROPERTY										
DRIVE, SILVIS, IL 61282	MANAGEMENT	IL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GENORTH, LLC - 20-3406994											
2300 53RD AVENUE	ORTHOPAEDIC										
BETTENDORF, IA 52722	SURGERY CENTER	IA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
GENVENTURES, INC. - 42-1269171	SUPPORT								
1227 E. RUSHOLME STREET	SERVICES/PROPERTY								
DAVENPORT, IA 52803	MANAGEMENT	IA	N/A	C CORP	N/A	N/A	N/A		X
GENESIS HEART INSTITUTE - 42-1504979									
1236 E. RUSHOLME STREET	HEALTHCARE MANAGEMENT	IA	N/A	C CORP	N/A	N/A	N/A		X
DAVENPORT, IA 52803									
MISERICORDIA ASSURANCE COMPANY, LTD. -	OTHER FINANCIAL								
98-0457943, P.O. BOX 1051, GRAND CAYMAN,	VEHICLE	CAYMAN ISLANDS	N/A	C CORP	N/A	N/A	N/A		X
CAYMAN ISLANDS									
MOB 1 OWNERS' ASSOCIATION - 27-0865075	PROPERTY MANAGEMENT								
1227 E. RUSHOLME STREET		IA	N/A	C CORP	N/A	N/A	N/A		X
DAVENPORT, IA 52803									

Part III
Continuation of Identification of Related Organizations Taxable as a Partnership

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05-01-12

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.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)		X
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)		X
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
o Sharing of paid employees with related organization(s)		X
p Reimbursement paid to related organization(s) for expenses		X
q Reimbursement paid by related organization(s) for expenses		X
r Other transfer of cash or property to related organization(s)		X
s Other transfer of cash or property from related organization(s)		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 (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) GENESIS HEALTH SYSTEM (GHS IOWA)	L	3,200,905.	FAIR MARKET VALUE
(2) GENESIS HEALTH SYSTEM (GHS IOWA)	P	7,649,698.	FAIR MARKET VALUE
(3) GENESIS HEALTH SYSTEM (GHS IOWA)	S	7,649,698.	FAIR MARKET VALUE
(4) GENESIS HEALTH SYSTEM (GHS IOWA)	S	3,200,905.	FAIR MARKET VALUE
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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.

[illegible]

Part VII Supplemental Information

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

Lined area for supplemental information.

**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 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.

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	GENESIS MEDICAL CENTER, ALEDO	45-4475683
	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
File by the due date for filing your return. See instructions.	409 NW 9TH AVENUE	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	ALEDO, IL 61231	

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

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

MARK G. ROGERS

- The books are in the care of ► **1227 E RUSHOLME STREET - DAVENPORT, IA 52803**
Telephone No. ► **563-421-6508** 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) . 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 **FEBRUARY 15, 2014**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► ☐ calendar year or
► ☒ tax year beginning **JUL 1, 2012**, and ending **JUN 30, 2013**.

- 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 Balance due. 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.

LHA For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 8868 (Rev. 1-2013)

Genesis Health System and Related Organizations

Consolidated Financial Report
June 30, 2013

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Genesis Health System and related organizations (System) which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Misericordia Assurance Company, Ltd., a consolidated subsidiary, which statements reflect total assets and revenue constituting approximately 4% and 1%, respectively, of the related consolidated totals in 2013 and 2012. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Misericordia Assurance Company, Ltd., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Genesis Health System and related organizations as of June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the System changed its method of presentation and disclosure of patient service revenue and the provision for doubtful accounts as a result of the adoption of Accounting Standards Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*, during the year ended June 30, 2013, through retrospective application to the consolidated financial statements. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or any assurance on it. In our opinion, based on our audits and the report of the other auditor's as explained above, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

McGladrey LLP

Davenport, Iowa
October 18, 2013

**Genesis Health System
and Related Organizations**

**Consolidated Balance Sheets
June 30, 2013 and 2012**

Assets	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 75,980,412	\$ 73,634,131
Short-term investments	648,632	931,534
Receivables:		
Patients, net	85,722,863	84,743,485
Other, including assets limited as to use	29,036,220	22,209,064
Inventories, supplies and materials	12,916,985	12,535,665
Prepaid expenses and deposits	7,004,060	6,677,839
Total current assets	211,309,172	200,731,718
Investments	61,651,493	61,688,505
Assets Limited as to Use:		
Internally designated	174,235,597	155,221,439
Interest in net assets of Foundation	994,059	772,332
Donor restricted	19,004,081	18,565,591
	194,233,737	174,559,362
Property and Equipment, net	252,290,286	249,305,518
Other Assets:		
Bond issuance costs, net	664,837	761,945
Goodwill	30,730,877	30,730,877
Overfunded status of retirement plan	2,665,857	-
Other	321,490	958,230
	34,383,061	32,451,052
	\$ 753,867,749	\$ 718,736,155

See Notes to Consolidated Financial Statements.

Liabilities and Net Assets	2013	2012
Current Liabilities:		
Current maturities of long-term debt	\$ 8,421,389	\$ 8,170,148
Accounts payable	28,094,315	23,519,054
Accrued salaries and wages	10,541,034	10,228,100
Accrued paid leave	17,792,684	18,024,440
Due to third-party payors	8,568,819	8,455,553
Unpaid losses and loss adjustment expenses	12,685,044	13,660,547
Other accrued expenses	8,429,423	7,605,956
Total current liabilities	94,532,708	89,663,798
 Long-Term Debt, less current maturities	 79,273,240	 88,094,376
 Unpaid Losses and Loss Adjustment Expenses, Retirement Benefits and Other Long-Term Liabilities	 34,292,885	 48,189,338
 Commitments and Contingent Liabilities (Note 11)		
Total liabilities	208,098,833	225,947,512
 Net Assets:		
Unrestricted	517,156,303	465,032,263
Noncontrolling interests - unrestricted	8,455,723	8,418,457
Temporarily restricted	16,175,239	15,520,089
Permanently restricted	3,981,651	3,817,834
	545,768,916	492,788,643
	\$ 753,867,749	\$ 718,736,155

**Genesis Health System
and Related Organizations**

**Consolidated Statements of Operations
Years Ended June 30, 2013 and 2012**

	2013	2012
Change in unrestricted net assets:		
Unrestricted revenue:		
Patient service revenue, net of contractual adjustments	\$ 548,703,386	\$ 523,649,278
Less provision for doubtful accounts	35,672,919	31,818,463
Net patient service revenue	513,030,467	491,830,815
Other service revenue, net of cost of revenue		
2013 \$11,426,714, 2012 \$11,819,576	5,870,389	6,611,835
Medical office building rental revenue	2,120,240	1,932,130
Other revenue	31,438,387	30,259,427
Total revenue	552,459,483	530,634,207
Expenses:		
Salaries and wages	239,375,705	230,714,637
Employee benefits	47,510,837	50,809,244
Contracted professionals and services	48,719,607	44,011,672
Supplies	83,721,196	82,681,048
Other	75,478,431	70,392,041
Interest	4,069,575	4,680,180
Depreciation and amortization	36,277,950	35,801,041
Total expenses	535,153,301	519,089,863
Operating income	17,306,182	11,544,344
Nonoperating gains and losses.		
Interest and dividend income and realized gains on sales of investments	11,782,407	6,701,439
Current year change in unrealized gains (losses) on trading securities	6,838,810	(1,936,767)
Other nonoperating income (losses)	4,245,995	(523,106)
Nonoperating gains	22,867,212	4,241,566
Excess of revenue over expenses	40,173,394	15,785,910
Less excess of revenue (over) expenses attributable to noncontrolling interests	(1,340,443)	(1,212,084)
Excess of revenue over expenses attributable to Genesis Health System	38,832,951	14,573,826
Change in unrecognized funded status of retirement plan	13,291,089	(15,464,620)
Increase (decrease) in unrestricted net assets	\$ 52,124,040	\$ (890,794)

See Notes to Consolidated Financial Statements.

**Genesis Health System
and Related Organizations**

**Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2013 and 2012**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Noncontrolling Interests - Unrestricted Net Assets	Total Net Assets
Net assets, June 30, 2011	\$ 465,923,057	\$ 16,112,867	\$ 1,903,871	\$ 10,847,634	\$ 494,787,429
Excess of revenue over expenses	14,573,826	-	-	1,212,084	15,785,910
Change in unrecognized funded status of retirement plan	(15,464,620)	-	-	-	(15,464,620)
Purchase of investment from noncontrolling interests	-	-	-	(2,369,885)	(2,369,885)
Contributions, investment income and other	-	3,032,563	1,913,963	-	4,946,526
Net assets released from restrictions, for operating activities	-	(3,659,824)	-	-	(3,659,824)
Change in interest in net assets of Foundation	-	34,483	-	-	34,483
Distributions to noncontrolling interests	-	-	-	(1,271,376)	(1,271,376)
Change in net assets	(890,794)	(592,778)	1,913,963	(2,429,177)	(1,998,786)
Net assets, June 30, 2012	465,032,263	15,520,089	3,817,834	8,418,457	492,788,643
Excess of revenue over expenses	38,832,951	-	-	1,340,443	40,173,394
Change in unrecognized funded status of retirement plan	13,291,089	-	-	-	13,291,089
Contributions, investment income and other	-	2,378,832	163,817	-	2,542,649
Net assets released from restrictions, for operating activities	-	(1,945,409)	-	-	(1,945,409)
Change in interest in net assets of Foundation	-	221,727	-	-	221,727
Distributions to noncontrolling interests	-	-	-	(1,303,177)	(1,303,177)
Change in net assets	52,124,040	655,150	163,817	37,266	52,980,273
Net assets, June 30, 2013	\$ 517,156,303	\$ 16,175,239	\$ 3,981,651	\$ 8,455,723	\$ 545,768,916

See Notes to Consolidated Financial Statements

**Genesis Health System
and Related Organizations**

**Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012**

	2013	2012
Cash Flows from Operating Activities:		
Change in net assets	\$ 52,980,273	\$ (1,998,786)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,953,462	35,433,838
Amortization	324,488	367,203
Change in interest in net assets of Foundation	(221,727)	(34,483)
Loss on disposal of property and equipment	430,752	363,045
Earnings in (excess of) distributions of associated companies	105,269	(1,439,968)
Excess of fair value over consideration paid for acquisitions	(3,261,704)	-
Restricted contributions	(851,245)	(2,963,775)
Realized and unrealized (gains) on investments	(15,086,951)	(1,749,429)
Net changes in assets and liabilities:		
(Increase) in patient and other receivables	(4,056,592)	(13,653,018)
(Increase) decrease in inventories, supplies and materials	(81,734)	1,145,070
(Increase) in prepaid expenses and deposits	(256,949)	(911,241)
(Increase) decrease in funded status of retirement plan	(19,652,014)	11,086,157
Increase in accounts payable	3,741,250	5,988,078
Increase in accrued expenses, due to third-party payors, retirement benefits and other	1,048,442	4,434,691
Net cash provided by operating activities	51,115,020	36,067,382
Cash Flows from Investing Activities:		
Purchase of property and equipment	(36,900,417)	(37,519,273)
Proceeds from sale of equipment	10,897	366,174
Cash received upon acquisition of Aledo organizations	3,431,975	-
Cash paid upon acquisition of Aledo organizations	(2,246,380)	-
Purchase of investments	(59,442,651)	(57,762,213)
Purchase of investment in associated company	-	(1,496,019)
Proceeds from sale of investments	55,291,599	63,087,182
(Increase) decrease in other assets	9,747	(21,192)
Net cash (used in) investing activities	(39,845,230)	(33,345,341)
Cash Flows from Financing Activities:		
Principal payments on long-term debt, including capital lease obligations	(9,774,754)	(8,292,892)
Restricted contributions	851,245	2,963,775
Net cash (used in) financing activities	\$ (8,923,509)	\$ (5,329,117)

(Continued)

**Genesis Health System
and Related Organizations**

**Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2013 and 2012**

	2013	2012
Net increase (decrease) in cash and cash equivalents	\$ 2,346,281	\$ (2,607,076)
Cash and cash equivalents:		
Beginning	73,634,131	76,241,207
Ending	<u>\$ 75,980,412</u>	<u>\$ 73,634,131</u>
Supplemental Disclosure of Cash Flow Information, cash payments for interest, including capitalized interest 2013 \$128,089; 2012 \$97,929	\$ 4,197,699	\$ 5,875,788
Supplemental Disclosure of Noncash Investing and Financing Activities, contribution of property and equipment for an investment in associated company	\$ -	\$ 377,258
Supplemental Disclosures of Noncash Investing Activities, Acquisition of Genesis Medical Center-Aledo and Genesis Senior Living-Aledo:		
Assets acquired:		
Cash	\$ 3,431,975	
Net patient receivables	3,778,516	
Property and equipment	2,479,462	
Other current assets	340,284	
Liabilities assumed:		
Accounts payable	(834,011)	
Long term debt	(1,604,472)	
Due to third-party payors	(1,028,496)	
Other current liabilities	(1,055,174)	
Cash paid upon acquisition of Aledo organizations	<u>(2,246,380)</u>	
Excess of fair value over consideration paid	<u>\$ 3,261,704</u>	

See Notes to Consolidated Financial Statements.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Genesis Health System – Iowa (GHS Iowa), an Iowa nonprofit corporation, and Genesis Health System – Illinois (GHS Illinois), an Illinois not-for-profit corporation, have identical governing boards, management and bylaws and can act jointly. GHS Iowa is also the sole member of Genesis Health Services Foundation and Genesis Health System Workers' Compensation Plan and Trust, the sole stockholder of GenVentures, Inc., a member of Misericordia Assurance Company, Ltd. and a partner in GenGastro, LLC. GHS Illinois is the sole member of Genesis Medical Center – Aledo and Genesis Senior Living – Aledo, and is a partner in The Larson Center Partnership.

The following entities were formed during the year ended June 30, 2013:

Genesis Medical Center – Aledo (GMC – Aledo) is certified as a critical access hospital, which has 22-acute care and swing beds, as well as a physician clinic, which provides services from its facility in Aledo, Illinois.

On February 1, 2013, GMC – Aledo acquired all of the assets and assumed all the liabilities of the hospital in Aledo, Illinois from Mercer County, Illinois, for no consideration. The assets acquired exceed the liabilities assumed by approximately \$2,536,000, a contribution which is presented as a component of other nonoperating income.

Genesis Senior Living – Aledo (GSL – Aledo) is certified as a nursing facility, which has a 92-bed long-term care facility, which provides services from its facility in Aledo, Illinois.

On February 1, 2013, GSL – Aledo acquired all of the assets and assumed all the liabilities of the nursing home in Aledo, Illinois from Mercer County, Illinois for approximately \$2,250,000. The assets acquired exceed the liabilities assumed and consideration paid by approximately \$725,000, a contribution which is presented as a component of other nonoperating income.

GHS Iowa, GHS Illinois, GMC – Aledo and GSL – Aledo collectively represent the Obligated Group on certain components of the System's long-term debt.

GHS Iowa and GHS Illinois operate the following business units:

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

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

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

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

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

Illini Hospital Foundation (Illini Foundation) supported GMC – Illini by providing financial and fundraising assistance. The mission of the Illini Foundation was to assist GMC – Illini in providing quality, compassionate care for all those in need by raising, managing and granting charitable funds. During the year ended June 30, 2012, Illini Foundation merged with Genesis Foundation and Illini Foundation was dissolved.

GenGastro, LLC (d/b/a the Center for Digestive Health) is a limited liability company, which was formed in 2003, a single-specialty gastroenterology ambulatory surgery center located in Bettendorf, Iowa. Upon obtaining a controlling interest, the System consolidated the accounts of GenGastro, LLC in its consolidated financial statements in January 2011. During the year ended June 30, 2012, Genesis Health System acquired an additional 8.33% interest in GenGastro, LLC from noncontrolling interests and maintains a 75% ownership interest as of June 30, 2013 and 2012.

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

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

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

GenProperties owns, leases and/or manages office space in 15 medical office buildings located in Bettendorf, Clinton, Davenport, Eldridge, Le Claire and Muscatine, Iowa.

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

Genesis Accountable Care Organization, LLC (Genesis ACO) is an Iowa limited liability company formed in December 2011. Its purpose is to engage in any lawful business and any business related to creation and organization of a "physician-driven" network to act as, and/or participate in, an Accountable Care Organization within the meaning of the federal Patient Protection and Affordable Care Act. The company is also organized to develop a clinically integrated network of providers including physicians, health professionals, hospitals and ancillary providers working together to promote high quality, coordinated and efficient care to patients including members of various managed care payors and the community at large.

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

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

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

Genesis Philanthropy is a wholly-owned tax-exempt entity formed in 2013, which will partner with other hospital foundations to form a regional network to attract donors to help fund specific health-related causes and promote wellness in the region. Genesis Philanthropy had no financial activity for the year ended June 30, 2013.

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

Significant accounting policies:

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

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

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

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

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

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

**Genesis Health System
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Notes to Consolidated Financial Statements

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

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

In evaluating the collectability of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, if necessary (for example, for expected uncollectible accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for doubtful accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts and charity care, for all payors, increased from 8% of accounts receivable at June 30, 2012, to 9% of accounts receivable at June 30, 2013. In addition, the System's write-offs, for all payors, increased approximately \$5,477,000 from \$37,451,000 to \$42,928,000 for the years ended June 30, 2012 and 2013, respectively. Both increases were primarily the result of negative trends experienced in the collection of amounts from self-pay patients. A portion of the increase is also a result of an increase in write-offs correlated with the increased revenue for the year ended June 30, 2013. The System has not changed its charity care or uninsured discount policies during the year ended June 30, 2013.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy).

Patient service revenue at established rates, less third-party payor contractual adjustments (but before the provision for doubtful accounts), recognized in the year ended June 30, 2013, was approximately:

Third-party payor	\$ 478,316,171
Self-pay	70,387,215
	<u>\$ 548,703,386</u>

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

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

Donor restricted assets limited as to use as of June 30, 2013 and 2012 include approximately \$159,000 and \$175,000, respectively, of pledges receivable for unconditional promises which are restricted by the donors to be used for capital projects. All of the pledges receivable are expected to be collected within the next year and are included in other receivables as a current asset on the accompanying consolidated balance sheets. The pledges are recorded net of an estimated allowance for uncollectible receivables of approximately \$8,000 as of June 30, 2013 and 2012.

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

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

Investment income earned on Misericordia's investments, which are restricted for the payment of general and professional liabilities, is included in other operating revenue. Investment (loss) and income included as other operating revenue was approximately \$(110,000) and \$1,818,000 for the years ended June 30, 2013 and 2012, respectively.

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

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

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

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

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

Goodwill: A majority of the goodwill on the System's consolidated balance sheet arose from the acquisition of a controlling interest in GenGastro, LLC, during the year ended June 30, 2011, and consists primarily of current and future expected earnings and profitability.

Goodwill is being tested for impairment annually. Management performed assessments for impairment as of June 30, 2013 and 2012, and determined no goodwill impairment exists.

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

All estimates of unpaid losses and loss adjustment expenses are reviewed at least annually, and any adjustments determined to be necessary are reflected in current operations. Since these liabilities are based on estimates, the ultimate settlement of losses and related expense may vary from the amounts included in the consolidated financial statements. Misericordia records its estimated liability for unpaid losses and loss adjustment expenses at an undiscounted actuarially determined amount. The Workers' Compensation Trust records its estimated liability for unpaid losses and loss adjustment expenses based on assumptions and estimates including a discounted actuarially determined amount, discounted using a 3% yield for the years ended June 30, 2013 and 2012.

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

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

Fair value of financial instruments: Financial instruments are described as cash or contractual obligations or rights to pay or to receive cash. The fair value for certain financial instruments approximates the carrying value because of the short-term maturity of these instruments which include cash and cash equivalents, short-term investments, receivables, accounts payable, accrued liabilities, due to third-party payors and other current liabilities. The System's investments and assets limited as to use are carried at fair value on the consolidated balance sheets. Based on borrowing rates currently available to the System with similar terms and maturities, the fair value of the long-term debt excluding capital leases and unamortized bond premium approximates \$80,483,000 and \$89,239,000 as of June 30, 2013 and 2012, respectively. The fair value of long-term debt is based on level 2 inputs within the fair value hierarchy.

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

Other service revenue, net of cost of revenue: The consolidated statements of operations include other service revenue, net of cost of revenue, which primarily consists of pharmaceuticals, home medical equipment and laundry services through GenVentures, Inc.

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

Electronic health records incentive program: The electronic health records incentive program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under both the Medicare and Medicaid programs are for five and six years, respectively, based on a statutory formula. The Medicaid programs are determined on a state-by-state basis, which are approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the System initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ from the initial payments under the program, although management does not anticipate material adjustments, as input data for the EHR incentive amounts has remained relatively consistent over time. The System accounts for the recognition of revenue related to the incentive payments ratably over the period of time in which the incentives are earned. Therefore, revenue from the incentive payments is recognized ratably as the System demonstrates that it complies with the meaningful criteria over the applicable attestation period. During the years ended June 30, 2013 and 2012, the System has recognized approximately \$6,625,000 and \$5,929,000, respectively, of other operating revenue as the meaningful use objectives have been met. As of June 30, 2013 and 2012, the System recorded other current receivables of approximately \$3,670,000 and none, respectively, relating to the EHR incentive program.

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

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

New accounting guidance: In 2013, the System adopted ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. This ASU requires the System to present the provision for bad debts associated with patient service revenue as a deduction from patient service revenue. The adoption of this ASU changed where the provision for doubtful accounts was presented within the consolidated statement of operations; however, it did not affect operating income or the change in unrestricted net assets. All periods presented in these financial statements and notes to the consolidated financial statements have been reclassified in accordance with the guidance.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

Reclassifications: Certain items on the consolidated financial statements as of and for the year ended June 30, 2012 have been reclassified to be consistent with classifications adopted as of and for the year ended June 30, 2013. The reclassifications had no impact on total assets or total net assets.

Subsequent events: The System has evaluated subsequent events through October 18, 2013, the date on which the consolidated financial statements were issued.

Note 2. Net Patient Service Revenue

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

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

A summary of net patient service revenue for the years ended June 30, 2013 and 2012 is as follows:

	2013	2012
Gross patient service revenue	\$ 1,255,009,661	\$ 1,204,935,070
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	706,306,275	681,230,702
Patient service revenue, net of contractual adjustments	548,703,386	523,704,368
Less provision for doubtful accounts	35,672,919	31,818,463
Net patient service revenue	\$ 513,030,467	\$ 491,885,905

Estimated contractual adjustments for the years ended June 30, 2013 and 2012 include the effect of a change in the estimate of the amount due to third-party payors. The net effect of this change in estimate is a decrease in estimated contractual adjustments of approximately \$1,064,000 and \$50,000 for the years ended June 30, 2013 and 2012, respectively, and is related to the recognition of disproportionate share reimbursement and retroactive adjustments based on final settlements of cost reports.

Under the State of Illinois Medicaid Hospital Assessment Program (Illinois Program), a hospital receives additional Medicaid reimbursement from the State and pays a related assessment. Total reimbursement revenue recognized by the System related to this Illinois Program for each of the years ended June 30, 2013 and 2012 amounted to approximately \$6,695,000 and \$5,814,000, respectively, which is recorded as a reduction of estimated contractual adjustments. Total assessments incurred by the System related to this Illinois Program for each of the years ended June 30, 2013 and 2012 amounted to approximately \$2,242,000 and \$1,846,000, respectively, which is included in other operating expenses. The Illinois Program was effective through June 2014 until it was extended through December 2014 as described below.

On June 14, 2012, the Governor of Illinois signed the Save Medicaid Access and Resources Together (SMART) Act, which scales back the Illinois Medicaid program through provider rate adjustments, utilization controls and eligibility verification.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 2. Net Patient Service Revenue (Continued)

The SMART Act also includes an enhanced hospital tax assessment program, which was approved by CMS in October 2013 and is retroactive to June 2012. The program is extended through December 31, 2014 and generates additional funds that will be used to attract additional federal matching funds. The additional funds will be used to provide new hospital payments designed to preserve and improve access to hospital services for residents throughout Illinois. The enhanced hospital tax assessment program will increase the System's net reimbursement.

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

Note 3. Charity Care and Community Service

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

The amount of charity care provided at estimated cost was approximately \$10,252,000 and \$9,732,000 for the years ended June 30, 2013 and 2012, respectively. Cost of charity care is calculated by applying business unit specific cost-to-charge ratios to the amount of charity care deductions from gross revenue for each business unit. The cost-to-charge ratio is calculated by taking the business unit expenses and gross charges and applying adjustments to remove the cost of non-patient care activity, Medicaid provider taxes paid, identifiable community benefit expenses, as well as gross patient charges that are generated for identifiable community benefit services.

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

- Operation of full-time emergency rooms providing emergency medical services to all patients accessing the System, regardless of race, creed, sex, national origin, handicap, age or ability to pay.
- Operation of a community based hospice program along with the only residential hospice house in the Quad Cities.
- Maintenance of provider agreements with the Medicare and Medicaid programs.
- Health screenings, promotions, education and prevention programs offered free or at low cost to its communities.
- A medical education program which provides for the education of Family Practice residents at GFMC, as well as support to nursing programs.

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 3. Charity Care and Community Service (Continued)

- Volunteer services provided by the System's staff to the communities, including major community events and fund raising activities.
- Not-for-profit community funding, including those community groups' activities that are consistent with Genesis' mission.
- Subsidized services to other charitable organizations providing health related services.

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

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

Note 4. Receivables

Patient receivables as of June 30, 2013 and 2012 consist of the following:

	2013	2012
Patient receivables before allowances	\$ 171,968,271	\$ 185,499,848
Less:		
Estimated third-party contractual allowances	70,452,581	85,895,875
Allowance for doubtful accounts and charity care	15,792,827	14,860,488
	<u>\$ 85,722,863</u>	<u>\$ 84,743,485</u>

**Genesis Health System
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Notes to Consolidated Financial Statements

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

Investments and assets limited as to use that are internally designated and donor restricted consist of the following as of June 30, 2013 and 2012:

	2013	2012
Cash, primarily money market funds	\$ 1,530,014	\$ 1,425,442
Certificates of deposit	567,798	1,727,457
Common stocks	76,092,391	66,543,872
Fixed income mutual funds	56,602,231	57,138,929
Equity mutual funds	58,512,134	49,707,928
Equity collective investment funds	48,619,018	46,452,305
Investment in associated companies	12,680,675	12,602,803
Pledges receivable	159,000	175,000
Other	935,542	738,333
Total	\$ 255,698,803	\$ 236,512,069

Investments and assets limited as to use that are internally designated and donor restricted are included in the accompanying consolidated balance sheets under the following captions as of June 30, 2013 and 2012:

	2013	2012
Other receivables, current portion	\$ 159,000	\$ 105,000
Short-term investments	648,632	931,534
Investments	61,651,493	61,688,505
Assets limited as to use:		
Internally designated	174,235,597	155,221,439
Donor restricted	19,004,081	18,565,591
	\$ 255,698,803	\$ 236,512,069

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

**Genesis Health System
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Notes to Consolidated Financial Statements

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

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

	2013	2012
Investment income (loss):		
Interest and dividend income	\$ 5,132,712	\$ 5,096,941
Net realized gains on investments	7,824,448	2,938,860
Change in net unrealized gains and losses on investments	7,262,503	(1,189,431)
Equity in net income of associated companies	1,357,558	1,439,968
	<u>\$ 21,577,221</u>	<u>\$ 8,286,338</u>
Unrestricted:		
Interest and dividend income and realized gains on sales of investments	\$ 11,782,407	\$ 6,701,439
Current year change in unrealized gains and losses on trading securities	6,838,810	(1,936,767)
Other nonoperating income	91,657	149,057
Other operating revenue	1,170,644	3,124,563
	<u>19,883,518</u>	<u>8,038,292</u>
Temporarily restricted:		
Interest and dividend income	301,874	211,069
Net realized gains on investments	811,969	398,105
Change in net unrealized gains and losses on investments	518,502	(415,945)
	<u>1,632,345</u>	<u>193,229</u>
Permanently restricted:		
Interest and dividend income	7,830	71,659
Net realized gains on investments	21,433	128,680
Change in net unrealized gains and losses on investments	32,095	(145,522)
	<u>61,358</u>	<u>54,817</u>
	<u>\$ 21,577,221</u>	<u>\$ 8,286,338</u>

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 6. Investments and Fair Value Measurements

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

The fair value hierarchy is as follows:

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

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

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

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

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2013.

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 6. Investments and Fair Value Measurements (Continued)

Assets recorded at fair value on a recurring basis:

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2013 and 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Investments at Fair Value as of June 30, 2013				
	Fair Value	Level 1	Level 2	Level 3
Common Stocks:				
Healthcare	\$ 10,550,883	\$ 10,550,883	\$ -	\$ -
Financial	9,823,738	9,823,738	-	-
Consumer Discretionary	13,062,861	13,062,861	-	-
Energy	5,725,189	5,725,189	-	-
Information Technology	17,438,242	17,438,242	-	-
Industrials	6,589,594	6,589,594	-	-
ADR's (American Depositary Receipts)	3,394,069	3,394,069	-	-
Materials	3,006,119	3,006,119	-	-
Consumer Staples	4,386,391	4,386,391	-	-
Utilities	602,687	602,687	-	-
Telecommunication Services	1,512,618	1,512,618	-	-
Equity Mutual Funds:				
Thornburg International Value Fund	20,603,408	20,603,408	-	-
PIMCO Cayman U.S. Total Return Fund	13,210,549	-	13,210,549	-
MFS Global Equity Fund	7,500,015	7,500,015	-	-
Other, primarily those held in deferred compensation plan assets	17,198,162	17,198,162	-	-
Equity Collective Investment Funds:				
JP Morgan Core Bond Trust	37,862,337	-	37,862,337	-
JP Morgan U.S. Aggregate Bond Fund	10,756,681	-	10,756,681	-
Fixed Income Mutual Funds:				
PIMCO Total Return Fund	44,130,302	44,130,302	-	-
Nuveen short-term bond fund	11,781,429	11,781,429	-	-
Other	690,500	690,500	-	-
	<u>\$ 239,825,774</u>	<u>\$ 177,996,207</u>	<u>\$ 61,829,567</u>	<u>\$ -</u>

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 6. Investments and Fair Value Measurements (Continued)

	Investments at Fair Value as of June 30, 2012			
	Fair Value	Level 1	Level 2	Level 3
Common Stocks				
Healthcare	\$ 8,939,983	\$ 8,939,983	\$ -	\$ -
Financial	8,053,170	8,053,170	-	-
Consumer Discretionary	12,741,809	12,741,809	-	-
Energy	5,415,115	5,415,115	-	-
Information Technology	17,004,244	17,004,244	-	-
Industrials	5,006,178	5,006,178	-	-
ADR's (American Depository Receipts)	2,727,890	2,727,890	-	-
Materials	3,036,983	3,036,983	-	-
Consumer Staples	1,254,929	1,254,929	-	-
Utilities	661,903	661,903	-	-
Telecommunication Services	1,701,668	1,701,668	-	-
Equity Mutual Funds:				
Thornburg International Value Fund	16,525,950	16,525,950	-	-
PIMCO Cayman U.S. Total Return Fund	12,641,677	-	12,641,677	-
MFS Global Equity Fund	6,022,210	6,022,210	-	-
Other, primarily those held in deferred compensation plan assets	14,518,091	14,518,091	-	-
Equity Collective Investment Funds:				
JP Morgan Core Bond Trust	35,581,495	-	35,581,495	-
JP Morgan U.S. Aggregate Bond Fund	10,870,810	-	10,870,810	-
Fixed Income Mutual Funds:				
PIMCO Total Return Fund	44,961,048	44,961,048	-	-
Nuveen short-term bond fund	12,151,240	12,151,240	-	-
Other	26,641	26,641	-	-
	<u>\$ 219,843,034</u>	<u>\$ 160,749,052</u>	<u>\$ 59,093,982</u>	<u>\$ -</u>

There were no transfers between levels of the fair value hierarchy during the years ended June 30, 2013 and 2012.

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 6. Investments and Fair Value Measurements (Continued)

The following table sets forth additional disclosure of the System's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2013 and 2012:

	Fair Value		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2013	2012			
Investments:					
Equity Mutual Fund, PIMCO					
Cayman U.S. Total Return					
Fund (A)	\$ 13,210,549	\$ 12,641,677	\$ -	Daily	Daily
Equity Collective Investment Funds:					
JP Morgan Core Bond Trust (B)	37,862,337	35,581,495	-	Daily	Daily
JP Morgan U.S. Aggregate					
Bond Fund (C)	10,756,681	10,870,810	-	Daily	Trade date, minus 3 days
	<u>\$ 61,829,567</u>	<u>\$ 59,093,982</u>	<u>\$ -</u>		

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

Note 7. Property and Equipment

Property and equipment as of June 30, 2013 and 2012 consists of the following:

	2013	2012
Land and land improvements (A)	\$ 30,479,557	\$ 29,549,572
Buildings (B)	344,507,404	337,468,609
Leasehold improvements	21,100,926	20,688,586
Equipment (C)	338,462,522	318,018,493
Construction in process	14,779,569	9,780,107
	<u>749,329,978</u>	<u>715,505,367</u>
Less accumulated depreciation, including accumulated depreciation on capital assets		
2013 \$24,340,038;		
2012 \$22,684,569	497,039,692	466,199,849
	<u>\$ 252,290,286</u>	<u>\$ 249,305,518</u>

- (A) Land and land improvements include assets under capital lease as of June 30, 2013 and 2012 of \$1,153,678.
- (B) Buildings include assets under capital lease as of June 30, 2013 and 2012 of \$22,272,145.
- (C) Equipment includes assets under capital lease as of June 30, 2013 and 2012 of \$2,111,214.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt and Pledged Assets

Long-term debt and pledged assets as of June 30, 2013 and 2012 consist of the following:

	2013	2012
GHS Iowa:		
Revenue bonds, Series 2010 (A)	\$ 73,435,000	\$ 79,530,000
Unamortized bond premium, Series 2010 (A)	3,216,984	3,616,597
Capital lease obligation (B)	3,622,895	4,762,326
GHS Iowa subtotal	80,274,879	87,908,923
GHS Illinois, capital lease obligations (C)	7,070,000	7,750,000
Obligated Group subtotal (D)	87,344,879	95,658,923
GenVentures, note payable, bank (E)	349,750	444,405
LCP, line of credit (F)	-	161,196
	87,694,629	96,264,524
Less current maturities	8,421,389	8,170,148
	\$ 79,273,240	\$ 88,094,376

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

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

- (B) The lease is due in monthly installments of \$122,135, including interest at 7.68% with final payment due in March 2016. The lease is secured by equipment. The depreciated cost of the equipment under this capital lease is approximately \$2,662,000 as of June 30, 2013.
- (C) GMC – Illini leases its land, land improvements and buildings from Illini Hospital District, a related party, under a capital lease agreement which requires payment in an amount sufficient to pay all principal and interest on outstanding Series 2010 general obligation bonds (alternative revenue source).

The Series 2010 general obligation bonds (alternative revenue source) have an outstanding principal balance of \$7,070,000. These bonds were issued to advance refund \$8,740,000 of the outstanding Series 2001 general obligation bonds (alternative revenue source). The Series 2010 bonds bear interest at rates varying from 1.65% to 4.53%, which is payable on January 1 and July 1. The bonds mature in varying amounts from \$695,000 to \$905,000 through January 2022.

The depreciated cost of land, land improvements and buildings under this capital lease is approximately \$5,825,000 as of June 30, 2013.

**Genesis Health System
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Notes to Consolidated Financial Statements

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

- (D) Genesis Health System – Iowa, Genesis Health System – Illinois, Genesis Medical Center – Aledo and Genesis Senior Living - Aledo, collectively, represent the Obligated Group on the revenue bond obligations.
- (E) GenVentures' bank note is due in monthly payments of \$10,200, including interest at a variable rate, 6.95% as of June 30, 2013, through August 2016, secured by building and land. Under this agreement, GenVentures is required to maintain certain restrictive covenants including a minimum tangible net worth and a minimum debt service coverage ratio.
- (F) LCP has a \$1,500,000 line of credit with a bank, which had no amounts outstanding as of June 30, 2013 and expires in March 2014. The note is collateralized by all property and equipment of LCP.

The following is a schedule of approximate future minimum lease payments due under capital leases together with the present value of future minimum lease payments as of June 30, 2013:

Year ending June 30:	
2014	\$ 2,288,000
2015	2,416,000
2016	2,045,000
2017	949,000
2018	949,000
Thereafter	3,795,000
	<u>12,442,000</u>
Less the amount representing interest	1,750,000
Present value of future minimum lease payments	<u>\$ 10,692,000</u>

The aggregate principal maturities of the long-term debt, including the maturities of capital leases and excluding unamortized bond premium, as of June 30, 2013 over the next five years and thereafter are approximately as follows:

Year ending June 30:	
2014	\$ 8,421,000
2015	8,861,000
2016	8,961,000
2017	8,170,000
2018	8,550,000
Thereafter	41,515,000
	<u><u>\$ 84,478,000</u></u>

While the System continues to evaluate the possibility of issuing additional long-term debt in the future, the System's Board of Directors has not formally approved a financing agreement as of October 18, 2013, the date on which the consolidated financial statements were issued.

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 9. Employee Retirement Plans

All employees of the System and affiliates participate in the Genesis Health System Retirement Plans. The plans consist of both a defined benefit pension plan and an employer paid match on employee contributions to a defined contribution plan. Retirement expense for the employer paid match to the defined contribution plan was approximately \$5,413,000 and \$2,610,000 for the years ended June 30, 2013 and 2012, respectively.

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

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

The Compensation – Retirement Benefits Topic of the FASB Accounting Standards Codification requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not been recognized under previous accounting standards, must be recognized in the changes in unrestricted net assets. As a result, the System has recognized the overfunded and underfunded status of the defined benefit pension plan in the accompanying consolidated balance sheets as of June 30, 2013 and 2012, respectively. The accrual for the defined benefit pension plan asset or liability is based on a comparison of the fair value of Plan assets to the Plan's projected benefit obligation.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 9. Employee Retirement Plans (Continued)

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

	2013	2012
Projected benefit obligation at beginning of year	\$ (187,533,433)	\$ (162,973,497)
Service cost	-	(931,558)
Interest cost	(8,736,342)	(9,004,077)
Actuarial gain (loss):		
Impact of change in assumptions	7,622,843	(24,843,177)
Impact of plan amendment	-	2,828,068
Other	-	591,500
Benefits paid	7,404,952	6,799,308
Projected benefit obligation at end of year	(181,241,980)	(187,533,433)
Fair value of plan assets	183,907,837	170,547,276
Funded status, plan assets in excess of (less than) benefit obligation	\$ 2,665,857	\$ (16,986,157)
Rollforward of accrued benefit (liability):		
Accrued (liability) on balance sheet, beginning of year	\$ (16,986,157)	\$ (5,900,000)
Return on plan assets	14,765,513	14,273,087
System contributions	6,000,000	6,000,000
Change in plan liability	(1,113,499)	(31,359,244)
Accrued benefit (liability) on balance sheet, end of year	\$ 2,665,857	\$ (16,986,157)
Components of net periodic pension cost (income), which is included as a component of employee benefits expense on the accompanying consolidated statements of operations, consist of:		
Service cost	\$ -	\$ 931,558
Interest cost	8,736,342	9,004,077
Expected return on plan assets	(11,376,496)	(11,127,922)
Amortization of unrecognized net loss	2,279,230	3,129,218
Amortization of unrecognized prior service cost (credit)	-	(8,213)
Net periodic pension cost (income)	(360,924)	1,928,718
Curtailment gain	-	(322,029)
	\$ (360,924)	\$ 1,606,689

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 9. Employee Retirement Plans (Continued)

	2013	2012
Amounts not yet recognized as components of net periodic pension cost:		
Net actuarial (loss)	\$ (60,459,755)	\$ (73,750,845)
Prior service cost credit	14,777	14,778
Unrecognized amounts, end of year	(60,444,978)	(73,736,067)
Unrecognized amounts, beginning of year	(73,736,067)	(58,271,447)
Current year change	<u>\$ 13,291,089</u>	<u>\$ (15,464,620)</u>

Assumptions used in computations:

In computing ending obligations:

Discount rate	5.10%	4.75%
Rate of compensation increase	n/a	n/a

In computing net periodic benefit cost:

Discount rate	4.75%	5.75%/5.10%*
Expected return on assets	7.25%	7.45%
Rate of compensation increase	n/a	4.00%

* As a result of the plan amendment described above, there was a re-measurement of the Plan as of December 31, 2011. The discount rate used in computing net periodic benefit cost for the six-month period ended December 31, 2011 was 5.75%, and the discount rate used for the six-month period ended June 30, 2012 was 5.10%.

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

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 9. Employee Retirement Plans (Continued)

The fair values of the System's defined benefit pension plan assets as of June 30, 2013 and 2012 by asset category, segregated by the level of the valuation inputs within the fair value hierarchy as described in Note 6, are as follows:

Investments at Fair Value as of June 30, 2013				
	Fair Value	Level 1	Level 2	Level 3
Common Stocks:				
Healthcare	\$ 9,713,915	\$ 9,713,915	\$ -	\$ -
Financial	10,908,861	10,908,861	-	-
Consumer Discretionary	16,617,544	16,617,544	-	-
Energy	5,884,731	5,884,731	-	-
Information Technology	13,735,821	13,735,821	-	-
Industrials	7,632,608	7,632,608	-	-
ADR's (American Depository Receipts)	5,747,264	5,747,264	-	-
Materials	2,668,187	2,668,187	-	-
Consumer Staples	2,979,522	2,979,522	-	-
Utilities	928,387	928,387	-	-
Telecommunication Services	790,267	790,267	-	-
Fixed Income Mutual Fund, PIMCO Total Return Fund	35,427,365	35,427,365	-	-
Equity Mutual Funds:				
MFS Global Equity Fund	7,964,618	7,964,618	-	-
Thornburg International Value Fund	21,959,722	21,959,722	-	-
Equity Collective Investment Fund, JP Morgan Extended Duration Fund	38,602,979	-	38,602,979	-
	181,561,791	\$ 142,958,812	\$ 38,602,979	\$ -
Other plan assets, cash and cash equivalents	2,346,046			
Total plan assets	\$ 183,907,837			
Investments at Fair Value as of June 30, 2012				
	Fair Value	Level 1	Level 2	Level 3
Common Stocks:				
Healthcare	\$ 8,246,087	\$ 8,246,087	\$ -	\$ -
Financial	8,155,913	8,155,913	-	-
Consumer Discretionary	12,655,824	12,655,824	-	-
Energy	4,751,350	4,751,350	-	-
Information Technology	14,448,676	14,448,676	-	-
Industrials	6,371,493	6,371,493	-	-
ADR's (American Depository Receipts)	3,747,951	3,747,951	-	-
Materials	2,036,177	2,036,177	-	-
Consumer Staples	1,990,195	1,990,195	-	-
Utilities	888,856	888,856	-	-
Telecommunication Services	1,138,652	1,138,652	-	-
Fixed Income Mutual Fund, PIMCO Total Return Fund	39,443,926	39,443,926	-	-
Equity Mutual Funds:				
MFS Global Equity Fund	6,395,267	6,395,267	-	-
Thornburg International Value Fund	17,747,798	17,747,798	-	-
Equity Collective Investment Fund, JP Morgan Extended Duration Fund	40,292,671	-	40,292,671	-
	168,310,836	\$ 128,018,165	\$ 40,292,671	\$ -
Other plan assets, cash and cash equivalents	2,236,440			
Total plan assets	\$ 170,547,276			

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 9. Employee Retirement Plans (Continued)

The following table sets forth additional disclosure of the System's defined benefit pension plan assets whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2013 and 2012:

	Fair Value		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2013	2012			
Investments, Equity Collective					
Investment Fund, JP Morgan					
Extended Duration Fund (A)	\$ 38,602,979	\$ 40,292,671	\$ -	Daily	1 Day

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

The following summarizes target asset allocation and major asset categories as of June 30, 2013 and 2012:

	Target Allocation		Actual	
	2013	2012	2013	2012
Domestic equity securities:				
Large cap	26.0%	26.0%	31.6%	28.7%
Small cap	9.0	9.0	11.6	10.0
International equity securities	15.0	15.0	16.2	14.2
Fixed income	50.0	50.0	40.6	47.1
	100.0%	100.0%	100.0%	100.0%

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

The System expects to contribute approximately \$6,000,000 to its defined benefit pension plan during the year ending June 30, 2014.

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

Year ending June 30:	
2014	\$ 8,200,000
2015	8,500,000
2016	8,800,000
2017	9,000,000
2018	9,200,000
2019 to 2023	53,400,000
	<u>\$ 97,100,000</u>

Physician employees of the System are eligible to participate in nonqualified deferred compensation plans. The plans allow participants to defer a portion of their salary into the plans. The plan assets are held for the benefit of participating employees. The liability to these participants is recorded at the same amount as the plan assets' value. The assets, which are included in investments, and corresponding noncurrent liability of the non-qualified deferred compensation plans recorded on the accompanying consolidated balance sheets are approximately \$11,616,000 and \$9,774,000 as of June 30, 2013 and 2012, respectively.

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 10. Income Tax Matters

GHS Iowa, GHS Illinois, GSL – Aledo, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. GMC – Aledo has filed its request for exempt status, but has not yet received a determination from the IRS. GenVentures is subject to income taxes. Misericordia Assurance Company, Ltd. is a foreign corporation not subject to income taxes.

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

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

Net deferred taxes consist of the following components as of June 30, 2013 and 2012:

	2013	2012
Deferred tax assets	\$ 2,648,000	\$ 2,325,000
Less valuation allowance	(2,648,000)	(2,325,000)
	<u>\$ -</u>	<u>\$ -</u>

For the years ended June 30, 2013 and 2012, there are no current income tax provisions due to the utilization of the net operating loss carryforward.

As of June 30, 2013, GenVentures, for federal income tax purposes, has net operating loss carryforwards which are available to offset future federal taxable income and federal tax liabilities. These carryforwards expire from 2020 through 2026. The carryforwards expiring in future years are as follows:

Year ending June 30:	
2014	\$ -
2015	-
2016	-
2017	-
2018	-
Thereafter	2,723,000
	<u>\$ 2,723,000</u>

**Genesis Health System
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Notes to Consolidated Financial Statements

Note 10. Income Tax Matters (Continued)

Uncertainty in income taxes:

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

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

Forms 990 and 990T filed by GHS Iowa, GHS Illinois, GSL – Aledo, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by GHS Iowa, GHS Illinois, the Genesis Foundation, the Illini Foundation and the Workers' Compensation Trust are no longer subject to examination for the fiscal years ended June 30, 2009 and prior. GenVentures is a taxable organization and currently files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. GenVentures is no longer subject to income tax examinations for years June 30, 2009 and prior. There were no uncertain tax positions as of June 30, 2013 and 2012.

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Notes to Consolidated Financial Statements

Note 11. Self-Insurance, Contingent Liabilities and Commitments

Self-insured claims:

The System is primarily self-insured, up to certain limits, for general and professional liability, workers' compensation and employee group health and dental claims. The System has purchased stop-loss insurance for general and professional liability claims, which will reimburse the System for individual claims in excess of \$2,000,000 annually or aggregate claims exceeding \$6,000,000 annually. The System has purchased stop-loss insurance for workers' compensation claims in excess of \$400,000 annually for the years ended June 30, 2013 and 2012, or aggregate claims in excess of \$5,000,000. Insurance coverage is also maintained for health and dental claims in excess of \$150,000.

Operations are charged with the costs of claims reported and an estimate of claims incurred but not reported. Total expense under the self-insured programs was approximately \$26,454,000 and \$24,426,000 for the years ended June 30, 2013 and 2012, respectively. An independent actuarial firm is utilized to assist in determining the provision for general, professional and workers' compensation losses, including incurred but not reported losses. The liabilities for estimated self-insured claims, including unpaid losses and loss adjustment expenses, recorded on the accompanying consolidated balance sheets are \$37,287,000 and \$36,707,000 as of June 30, 2013 and 2012, respectively, which include approximately \$22,592,000 and \$21,228,000, respectively, that are included in other long-term liabilities and approximately \$2,010,000 and \$1,818,000, respectively, included in other accrued expenses. The amount of reinsurance recoverable on unpaid losses as of June 30, 2013 and 2012 was approximately \$5,369,000 and \$5,373,000, respectively, that is included in other receivables.

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

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

Accounting for conditional asset retirement obligations:

The Conditional Asset Retirement Obligation Topic of the FASB Accounting Standards Codification clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. Over the past ten years, management has systematically renovated, replaced or newly constructed the majority of the physical plant facilities, resulting in a relatively small portion of the facility with any remaining hazardous material. Management of the System believes that there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the System may settle the obligation is unknown and does not believe that the estimate of the liability related to these asset retirement activities is a material amount as of June 30, 2013 and 2012.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

Laws and regulations:

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

CMS RAC Program:

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC's identified and corrected a significant amount of improper overpayments and/or underpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The System has been subject to such audits and will continue to be subject to additional audits in the future. The System has accrued a receivable, which is included in other receivables, for amounts which have been recouped as part of the RAC program which have not yet been resolved. The System has accrued an estimated liability, which is included in due to third-party payors as of June 30, 2013 and 2012, as a reserve for such audits based on the number of RAC audit requests, the System's historical defense rate and the analysis and reviews of a consulting firm. It is reasonably possible that the recorded estimates will change materially in the near term.

Current economic conditions:

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

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

Health care reform:

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

Management agreement:

The System has a management agreement with Jackson County Regional Health Center (JCRHC) under which the System provides management consultation and other services to JCRHC. The arrangement does not alter the authority or responsibility of the Board of Directors of JCRHC.

Commitments:

Approximate future minimum payments required under a service contract as of June 30, 2013 are summarized below. The term of this service contract is for a period of ten years (until during the year ending June 30, 2018), unless the System terminates the contract for cause:

Year ending June 30:

2014	\$ 1,845,000
2015	1,845,000
2016	1,845,000
2017	1,845,000
2018	1,691,000
	<u>\$ 9,071,000</u>

The System has signed commitments to renovate GMC-Aledo, as well as other construction projects, totaling approximately \$21,091,000 of which approximately \$19,960,000 is remaining as of June 30, 2013. The remaining commitments related to these projects will be funded with cash from operations.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 12. Net Asset Restrictions

Temporarily restricted net assets held by the System are restricted by donors for the following purposes as of June 30, 2013 and 2012:

	2013	2012
Cardiac research	\$ 467,104	\$ 455,282
Visiting nurse programs	3,969,431	3,448,075
Hospice house	2,229,916	1,964,482
Heart of Mercy financial assistance	665,415	561,862
Inventory and equipment for GMC - Davenport	1,883,761	2,989,841
Cancer research	171,711	272,042
Adler Fund	1,511,841	1,316,237
Employee assistance fund	618,537	538,167
Other	4,657,523	3,974,101
	<u>\$ 16,175,239</u>	<u>\$ 15,520,089</u>

During the years ended June 30, 2013 and 2012, temporarily restricted net assets were released from donor restrictions by incurring expenditures satisfying their restricted purposes for property and equipment and reimbursement of operating expenses, in the amount of \$1,945,409 and \$3,659,824, respectively.

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable primarily to support the Heart of Mercy financial assistance program. The permanently restricted net assets held by the System are for the following purposes as of June 30, 2013 and 2012:

	2013	2012
	\$ 1,487,299	\$ 1,466,797
	1,925,694	1,925,210
Other	568,658	425,827
	<u>\$ 3,981,651</u>	<u>\$ 3,817,834</u>

Note 13. Minimum Future Rentals

The following is a schedule by year of approximate future minimum rentals, net of rentals from affiliates, to be received under GenVentures' noncancelable operating leases as of June 30, 2013:

Year ending June 30:	
2014	\$ 2,304,000
2015	1,750,000
2016	1,585,000
2017	1,182,000
2018	1,075,000
Thereafter	<u>5,881,000</u>
Total approximate future minimum rentals	<u>\$ 13,777,000</u>

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 14. Interest in Net Assets of Foundation

The DeWitt Community Hospital Foundation (DCH Foundation), whose financial statements are not included in the accompanying consolidated financial statements since it is not under the control of the System, was established to establish, promote and support facilities and services providing health care for sick, injured, disabled, indigent or aged persons. The support is to be provided to, or in cooperation with, other organizations including, without limitation, hospitals, ambulatory care services, nursing care facilities, and agencies or facilities providing care for persons in their homes. As of June 30, 2013 and 2012 the DCH Foundation had unaudited assets of approximately \$994,000 and \$772,000, respectively. DCH Foundation's assets consist primarily of cash and pledges receivable. A portion of the DCH Foundation's net assets have been specified by their original donor to be used specifically for the benefit of Genesis Medical Center – DeWitt.

Note 15. Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of the System's gross receivables from patients and third-party payors as of June 30, 2013 and 2012 was as follows:

	2013	2012
Medicare	30%	28%
Medicaid	12	22
Blue Cross	12	10
Other third-party payors	16	15
Patients	30	25
	100%	100%

As of June 30, 2013, the System had deposits exceeding the federal depository insurance limits in various major financial institutions. Management believes the credit risk related to these deposits is minimal.

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

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 16. Pending Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*. The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. Management is evaluating the impact this ASU may have on the System's consolidated financial statements.

In October 2012, the FASB issued ASU No. 2012-05, *Statement of Cash Flows: Not-for Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. This ASU requires a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit entity-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. This guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Management is evaluating the impact this ASU may have on the System's consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* (a consensus of the Emerging Issues Task Force). ASU 2013-04 provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this ASU is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this ASU also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments in this ASU should be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the ASU's scope that exist at the beginning of an entity's fiscal year of adoption. An entity may elect to use hindsight for the comparative periods (if it changed its accounting as a result of adopting the amendments in this ASU) and should disclose that fact. Early adoption is permitted. Management is evaluating the impact this ASU may have on the System's consolidated financial statements.

**Genesis Health System
and Related Organizations**

Notes to Consolidated Financial Statements

Note 16. Pending Accounting Pronouncements (Continued)

In April 2013, the FASB has issued ASU No. 2013-06, *Not-for-Profit Entities (Topic 958) - Services Received from Personnel of an Affiliate*. The objective of the amendments in this ASU is to specify the guidance that not-for-profit entities apply for recognizing and measuring services received from personnel of an affiliate. More specifically, the amendments in this ASU apply to not-for-profit entities, including not-for-profit, business-oriented health care entities that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The amendments in this ASU require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either: (a) the cost recognized by the affiliate for the personnel providing that service or; (b) the fair value of that service. The amendments in this ASU are effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted. Management is evaluating the impact this ASU may have on the System's consolidated financial statements.

Note 17. Functional Expenses

The System provides general health care services to residents within its geographic location. Expenses for the System's 501(c)(3) entities related to providing these services for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Health care services	\$ 418,035,408	\$ 400,447,542
General, administrative and support services	94,055,894	95,397,345
Fund raising, net of intercompany contributions	923,647	967,239
	<u>\$ 513,014,949</u>	<u>\$ 496,812,126</u>

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

**Genesis Health System
and Related Organizations**

**Schedule of Community Benefit
Year Ended June 30, 2013
(Unaudited)**

Genesis Health System (GHS) contributed \$14,453,940 in community benefit to the Quad City, DeWitt, and Aledo areas in fiscal year (FY) 2013. This represents a decrease of 9% when compared to FY 2012, which did not include Aledo. Charity Care, reported at estimated cost in the amount of \$10,252,349 was provided by GHS business units compared to \$9,732,159 in FY 2012. Charity care is uncompensated care provided without expectation of reimbursement. Charity care is distinct and separate from bad debt, which is care provided with an expectation of compensation but which we were unable to collect. We do not count bad debt in our community benefit reporting; however, bad debt at gross charges for GHS totaled \$35,672,919 for FY 2013, up 11% from \$31,818,463 for FY 2012.

Unreimbursed Medicaid and other means-tested program costs are also not included in our community benefit reporting; however, the unreimbursed Medicaid and other means-tested program costs for FY 2013 were estimated at \$15,864,786. This level of unreimbursed Medicaid costs decreased 19% compared to FY 2012's level of \$19,575,182.

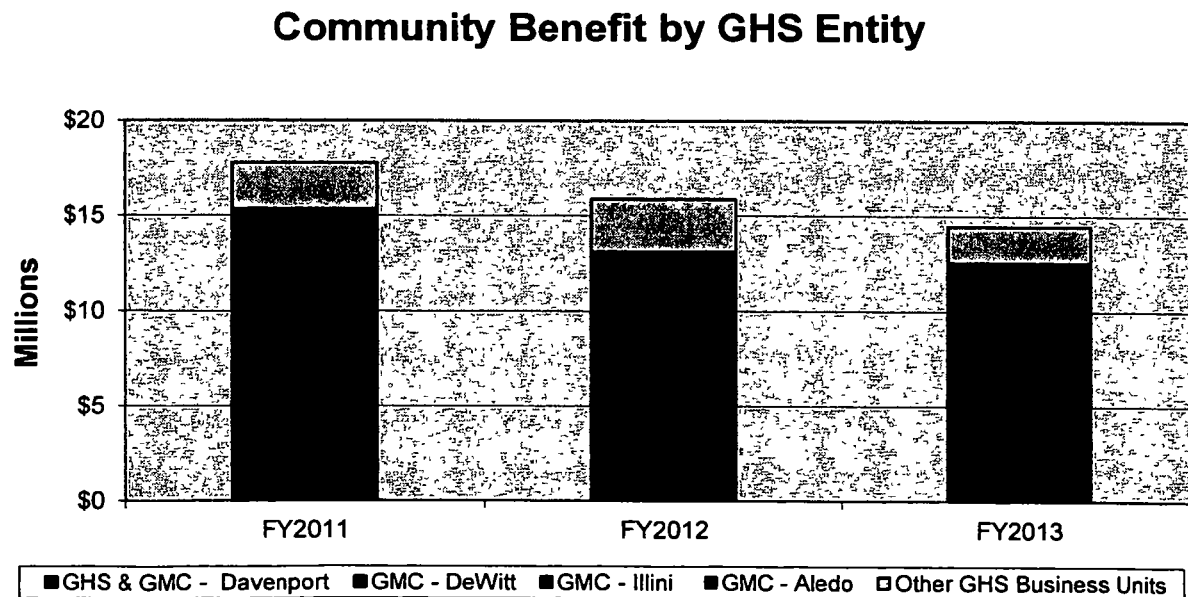
Table 1 shows a 10% decrease in community benefit for GHS & GMC – Davenport compared to FY 2012. GMC – DeWitt increased its community benefit by 8% and GMC – Illini increased by 14%. Other GHS Business Units' community benefit decreased by 32% in FY 2013. FY 2013 also reflects the addition of GMC – Aledo.

Table 1: Community Benefit by GHS Entity

	GHS & GMC - Davenport	GMC - DeWitt	GMC - Illini	GMC - Aledo	Other GHS Business Units	Total
FY2011	\$ 12,328,157	\$ 338,978	\$ 2,660,246	\$ -	\$ 2,423,736	\$ 17,751,117
FY2012	10,608,642	267,837	2,246,442	-	2,748,034	15,870,955
FY2013	9,578,345	288,124	2,561,720	147,955	1,877,796	14,453,940

This information is shown graphically in Graph 1.

Graph 1: Community Benefit by GHS Business Unit



**Genesis Health System
and Related Organizations**

**Schedule of Community Benefit
Year Ended June 30, 2013
(Unaudited)**

Graph 2 represents the community benefit funding by category for each of the past three fiscal years. Overall, community benefit funding decreased 9% compared to FY 2012. Community Building Activities decreased 45% and Research decreased 8%, while Community Health Improvement increased 10% and Charity Care increased 5% compared to the prior year.

Graph 2: GHS Community Benefit Totals

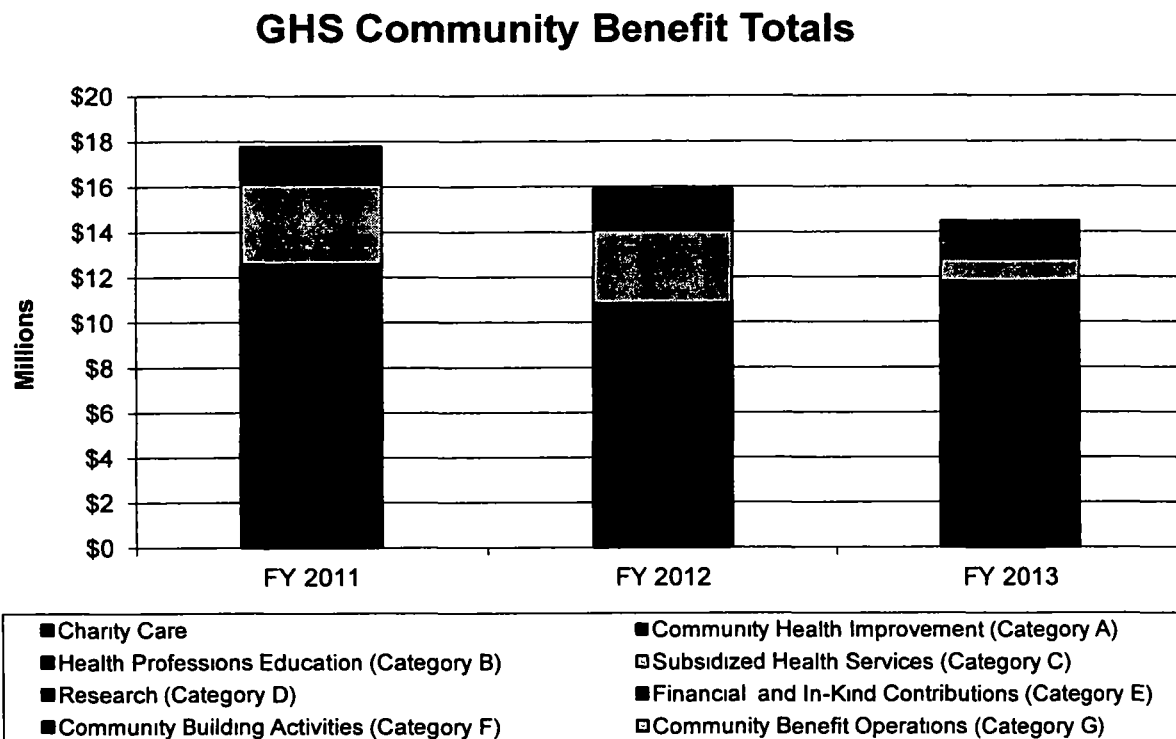


Table 2: FY 2013 Category Comparisons by GHS Business Unit

	Charity Care	Community Health Improvement (Category A)	Health Professions Education (Category B)	Subsidized Health Services (Category C)	Research (Category D)	Financial and In-Kind Contributions (Category E)	Community Building Activities (Category F)	Community Benefit Operations (Category G)	Total
GHS & GMC - Davenport	\$ 6,394,728	\$ 307,708	\$ 1,107,028	\$ 670,719	\$ 216,376	\$ 659,040	\$ 109,374	\$ 113,372	\$ 9,578,345
GMC - DeWitt	221,245	189	-	-	-	64,362	283	2,045	288,124
GMC - Illini	2,503,218	11,533	-	-	-	39,732	7,078	159	2,561,720
GMC - Aledo	129,617	13,163	-	-	-	2,601	2,535	39	147,955
Other GHS Business Units	1,003,541	107,025	-	311,334	-	455,896	-	-	1,877,796
Totals	\$ 10,252,349	\$ 439,618	\$ 1,107,028	\$ 982,053	\$ 216,376	\$ 1,221,631	\$ 119,270	\$ 115,615	\$ 14,453,940

**Genesis Health System
and Related Organizations**

**Schedule of Community Benefit
Year Ended June 30, 2013
(Unaudited)**

Table 3: Category Comparisons for the Past Three Fiscal Years

	Charity Care	Community Health Improvement (Category A)	Health Professions Education (Category B)	Subsidized Health Services (Category C)	Research (Category D)	Financial and In-Kind Contributions (Category E)	Community Building Activities (Category F)	Community Benefit Operations (Category G)	Total
FY 2011	\$ 11,434,479	\$ 377,815	\$ 787,908	\$ 3,518,200	\$ 190,374	\$ 1,287,810	\$ 126,074	\$ 28,457	\$ 17,751,117
FY 2012	9,732,159	399,536	709,078	3,214,939	235,533	1,284,004	216,595	79,111	15,870,955
FY 2013	10,252,349	439,618	1,107,028	982,053	216,376	1,221,631	119,270	115,615	14,453,940

**Genesis Health System
and Related Organizations**

**Consolidating Balance Sheet Information
June 30, 2013**

	GHS Iowa	GHS Illinois	Genesis Medical Center - Aledo	Genesis Senior Living - Aledo	Eliminations	Obligated Group *
Assets						
Current Assets						
Cash and cash equivalents	\$ 48,753,431	\$ 17,786,837	\$ 969,405	\$ 3,855,977	\$ -	\$ 71,365,650
Short-term investments	648,632	-	-	-	-	648,632
Receivables						
Patents, net	64,206,450	15,691,401	2,461,494	543,272	-	82,902,617
Affiliates	12,603,757	213,255	120,238	2,545	(6,551,619)	6,388,176
Notes, affiliate	1,482,622	-	-	-	-	1,482,622
Other, including assets limited as to use	21,016,194	2,604,120	315,457	1,647	-	23,937,418
Inventories, supplies and materials	9,291,429	2,189,345	246,797	24,116	-	11,751,687
Prepaid expenses and deposits	6,146,832	534,037	155,439	34,759	-	6,871,067
Total current assets	164,149,347	39,018,995	4,268,830	4,462,316	(6,551,619)	205,347,869
Long-Term Receivables and Investments						
Affiliate notes	15,035,851	-	-	-	-	15,035,851
Investment in subsidiaries	46,995,718	3,973,175	-	-	(2,297,207)	48,671,686
Investments	23,253,912	250,183	-	-	-	23,504,095
	85,285,481	4,223,358	-	-	(2,297,207)	87,211,632
Assets Limited as to Use						
Internally designated	174,235,597	-	-	-	-	174,235,597
Interest in net assets of Foundation	11,726,035	261,417	-	-	-	11,987,452
Donor restricted	2,113,810	-	53,144	21,139	-	2,188,093
	188,075,442	261,417	53,144	21,139	-	188,411,142
Property and Equipment, net	165,360,273	41,052,306	1,744,731	809,490	-	208,966,800
Other Assets						
Bond issuance costs, net	489,149	175,688	-	-	-	664,837
Goodwill	820,444	-	-	-	-	820,444
Overfunded status of retirement plan	2,665,857	-	-	-	-	2,665,857
Other	122,897	-	-	-	-	122,897
	4,098,347	175,688	-	-	-	4,274,035
	\$ 606,968,890	\$ 84,731,764	\$ 6,066,705	\$ 5,292,945	\$ (8,848,826)	\$ 694,211,478

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation), Genesis Health System – Illinois (an Illinois not-for-profit corporation), Genesis Medical Center – Aledo (an Illinois not-for-profit corporation) and Genesis Senior Living – Aledo (an Illinois not-for-profit Corporation)

Genesis Health Services Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Accountable Care Organization, LLC	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Eliminations	Total
\$ 913,069	\$ 274,025	\$ 346,721	\$ 159,648	\$ 1,261,275	\$ 41,765	\$ 1,618,259	\$ -	\$ 75,980,412
-	-	-	-	-	-	-	-	648,632
-	693,338	-	2,126,908	-	-	-	-	85,722,863
13,728	-	-	468,644	-	28,995	-	(6,899,543)	-
-	-	-	-	-	-	-	(1,482,622)	-
165,624	1,712	13,580	771,864	104,207	1,838,571	3,606,762	(1,403,518)	29,036,220
-	41,265	-	1,124,033	-	-	-	-	12,916,985
-	10,357	-	109,331	-	-	13,305	-	7,004,060
1,092,421	1,020,697	360,301	4,760,428	1,365,482	1,909,331	5,238,326	(9,785,683)	211,309,172
-	-	-	-	-	-	-	(15,035,851)	-
-	-	-	-	-	-	-	(48,671,686)	-
1,352,739	-	-	1,046,000	-	11,781,429	23,967,230	-	61,651,493
1,352,739	-	-	1,046,000	-	11,781,429	23,967,230	(63,707,537)	61,651,493
-	-	-	-	-	-	-	-	174,235,597
-	-	-	-	-	-	-	(10,993,393)	994,059
16,815,988	-	-	-	-	-	-	-	19,004,081
16,815,988	-	-	-	-	-	-	(10,993,393)	194,233,737
9,975	119,585	2,091,142	41,102,784	-	-	-	-	252,290,286
-	-	-	-	-	-	-	-	664,837
-	-	-	-	-	-	-	29,910,433	30,730,877
-	-	-	-	-	-	-	-	2,665,857
-	-	-	198,593	-	-	-	-	321,490
-	-	-	198,593	-	-	-	29,910,433	34,383,061
\$ 19,271,123	\$ 1,140,282	\$ 2,451,443	\$ 47,107,805	\$ 1,365,482	\$ 13,690,760	\$ 29,205,556	\$ (54,576,180)	\$ 753,867,749

**Genesis Health System
and Related Organizations**

**Consolidating Balance Sheet Information
June 30, 2013**

Liabilities and Net Assets and Equity	GHS Iowa	GHS Illinois	Genesis Medical Center - Aleo	Genesis Senior Living - Aleo	Eliminations	Obligated Group *
Current Liabilities						
Current maturities of long-term debt	\$ 7,625,087	\$ 695,000	\$ -	\$ -	\$ -	\$ 8,320,087
Accounts payable						
Trade	23,791,286	2,872,666	460,656	169,085	-	27,293,693
Affiliates	455,399	2,897,376	1,124,441	2,532,662	(6,551,619)	458,259
Accrued salaries and wages	9,580,372	671,001	138,153	61,204	-	10,450,730
Accrued paid leave	14,707,743	2,028,385	395,161	183,651	-	17,314,940
Due to third-party payors	4,666,612	2,713,455	1,188,752	-	-	8,568,819
Unpaid losses and loss adjustment expenses	-	-	-	-	-	-
Other accrued expenses	4,441,786	883,425	153,823	26,730	-	5,505,764
Total current liabilities	65,268,285	12,761,308	3,460,986	2,973,332	(6,551,619)	77,912,292
Long-Term Debt, less current maturities	72,649,792	6,375,000	-	-	-	79,024,792
Unpaid Losses and Loss Adjustment Expenses, Retirement Benefits and Other Long-Term Liabilities	13,205,446	316,898	999	1,267	-	13,524,610
Total liabilities	151,123,523	19,453,206	3,461,985	2,974,599	(6,551,619)	170,461,694
Net Assets and Equity						
Common stock	-	-	-	-	-	-
Additional paid-in capital	-	-	-	-	-	-
Retained earnings (deficit)	-	-	-	-	-	-
Members and partners' equity	-	-	-	-	-	-
Unrestricted	442,005,522	65,017,141	2,551,576	2,297,207	(2,297,207)	509,574,239
Noncontrolling interests - unrestricted	-	-	-	-	-	-
Temporarily restricted	13,839,845	261,417	-	21,139	-	14,122,401
Permanently restricted	-	-	53,144	-	-	53,144
	455,845,367	65,278,558	2,604,720	2,318,346	(2,297,207)	523,749,784
	\$ 606,968,890	\$ 84,731,764	\$ 6,066,705	\$ 5,292,945	\$ (8,848,826)	\$ 694,211,478

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation), Genesis Health System – Illinois (an Illinois not-for-profit corporation), Genesis Medical Center – Aleo (an Illinois not-for-profit corporation) and Genesis Senior Living – Aleo (an Illinois not-for-profit corporation).

Genesis Health Services Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc.	Genesis Accountable Care Organization, LLC	Genesis Health System Workers' Compensation Plan and Trust	Misencordia Assurance Company, Ltd	Eliminations	Total
\$ -	\$ -	\$ -	\$ 1,583,924	\$ -	\$ -	\$ -	\$ (1,482,622)	\$ 8,421,389
25,782	82,203	10,940	613,427	-	28,421	39,849	-	28,094,315
220,680	-	12,300	4,191,378	1,835,544	159,086	22,296	(6,899,543)	-
-	25,154	-	65,150	-	-	-	-	10,541,034
-	22,673	-	455,071	-	-	-	-	17,792,684
-	-	-	-	-	-	-	-	8,568,819
-	-	-	-	-	7,219,237	6,869,325	(1,403,518)	12,685,044
986,855	-	235,044	1,051,748	-	12	650,000	-	8,429,423
1,233,317	130,030	258,284	7,960,698	1,835,544	7,406,756	7,581,470	(9,785,683)	94,532,708
-	-	-	15,284,299	-	-	-	(15,035,851)	79,273,240
-	-	-	19,590	-	-	20,748,685	-	34,292,885
1,233,317	130,030	258,284	23,264,587	1,835,544	7,406,756	28,330,155	(24,821,534)	208,098,833
-	-	-	1,000	-	-	120,000	(121,000)	-
-	-	-	28,821,772	-	-	-	(28,821,772)	-
-	-	-	(4,979,554)	-	-	755,401	4,224,153	-
-	1,010,252	2,193,159	-	-	-	-	(3,203,411)	-
1,063,068	-	-	-	(470,062)	6,284,004	-	705,054	517,156,303
-	-	-	-	-	-	-	8,455,723	8,455,723
13,046,231	-	-	-	-	-	-	(10,993,393)	16,175,239
3,928,507	-	-	-	-	-	-	-	3,981,651
18,037,806	1,010,252	2,193,159	23,843,218	(470,062)	6,284,004	875,401	(29,754,646)	545,768,916
\$ 19,271,123	\$ 1,140,282	\$ 2,451,443	\$ 47,107,805	\$ 1,365,482	\$ 13,690,760	\$ 29,205,556	\$ (54,576,180)	\$ 753,867,749

**Genesis Health System
And Related Organizations**

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

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

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

Genesis Health Services Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc.	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd.	Eliminations	Total
\$ 315,775	\$ 274,016	\$ 283,555	\$ 448,194	\$ 107,151	\$ 162,746	\$ -	\$ 73,634,131
-	-	-	297,116	-	-	-	931,534
-	710,919	-	1,778,528	-	-	-	84,743,485
-	-	-	-	-	-	(3,763,505)	-
-	-	-	-	-	-	(1,193,372)	-
192,824	-	28,574	720,515	1,920,653	3,562,248	(265,636)	22,209,064
-	28,417	-	1,026,858	-	-	-	12,535,665
-	7,249	-	123,372	-	6,349	-	6,677,839
508,599	1,020,601	312,129	4,394,583	2,027,804	3,731,343	(5,222,513)	200,731,718
-	-	-	-	-	-	(16,043,331)	-
-	-	-	-	-	-	(48,941,200)	-
2,390,594	-	-	1,046,000	12,151,240	23,512,491	-	61,688,505
2,390,594	-	-	1,046,000	12,151,240	23,512,491	(64,984,531)	61,688,505
-	-	-	-	-	-	-	155,221,439
-	-	-	-	-	-	(9,632,827)	772,332
15,213,177	-	-	-	-	-	-	18,565,591
15,213,177	-	-	-	-	-	(9,632,827)	174,559,362
9,975	217,679	2,186,937	41,806,566	-	-	-	249,305,518
-	-	-	-	-	-	-	761,945
-	-	-	-	-	-	29,910,433	30,730,877
-	-	666	303,077	-	-	-	958,230
-	-	666	303,077	-	-	29,910,433	32,451,052
\$ 18,122,345	\$ 1,238,280	\$ 2,499,732	\$ 47,550,226	\$ 14,179,044	\$ 27,243,834	\$ (49,929,438)	\$ 718,736,155

**Genesis Health System
and Related Organizations**

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

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

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

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

**Genesis Health System
and Related Organizations**

**Consolidating Statement of Operations and Changes in Net Assets Information
Year Ended June 30, 2013**

	GHS Iowa	GHS Illinois	Genesis Medical Center - Aledo	Genesis Senior Living - Aledo	Eliminations	Obligated Group *
Change in unrestricted net assets						
Unrestricted revenue						
Patient service revenue, net of contractual adjustments	\$ 450,695,738	\$ 90,064,068	\$ 5,345,438	\$ 1,804,550	\$ (1,160,072)	\$ 546,749,722
Less provision for doubtful accounts	28,397,054	6,960,624	315,241	-	-	35,672,919
Net patient service revenue	422,298,684	83,103,444	5,030,197	1,804,550	(1,160,072)	511,076,803
Other service revenue, net	-	-	-	-	-	-
Medical office building rental revenue	-	-	-	-	-	-
Other revenue	24,656,502	5,734,456	198,946	40,827	(702,247)	29,928,484
Total revenue	446,955,186	88,837,900	5,229,143	1,845,377	(1,862,319)	541,005,287
Expenses						
Salaries and wages	201,524,971	27,873,270	2,186,764	1,125,953	-	232,710,958
Employee benefits	39,543,436	5,882,212	446,555	290,974	(137,649)	46,025,528
Contracted professionals and services	41,665,845	5,846,716	583,818	235,724	(1,152,999)	47,179,104
Supplies	73,508,901	13,491,381	489,172	163,533	(208,113)	87,444,874
Other	47,520,635	27,419,761	1,521,050	679,904	(363,558)	76,777,792
Interest	3,862,107	174,112	3,784	-	-	4,040,003
Depreciation and amortization	28,444,591	4,267,542	21,057	25,935	-	32,759,125
Total expenses	436,070,486	84,954,994	5,252,200	2,522,023	(1,862,319)	526,937,384
Operating income (loss)	10,884,700	3,882,906	(23,057)	(676,646)	-	14,067,903
Nonoperating gains and (losses)						
Interest and dividend income and realized gains on sales of investments	11,328,311	20,931	3,451	2,022	-	11,354,715
Current year change in unrealized gains on trading securities	6,719,923	-	-	-	-	6,719,923
Other nonoperating income (expense)	1,809,300	(3,411)	2,571,182	725,451	-	5,102,522
Nonoperating gains and (losses)	19,857,534	17,520	2,574,633	727,473	-	23,177,160
Excess of revenue over (under) expenses before equity in net income of subsidiaries	30,742,234	3,900,426	2,551,576	50,827	-	37,245,063
Equity in net income of subsidiaries	3,139,736	448,544	-	-	(50,827)	3,537,453
Excess of revenue over (under) expenses	33,881,970	4,348,970	2,551,576	50,827	(50,827)	40,782,516
Less excess of revenue (over) expenses attributable to noncontrolling interests	-	-	-	-	-	-
Excess of revenue over (under) expenses attributable to Genesis Health System	33,881,970	4,348,970	2,551,576	50,827	(50,827)	40,782,516
Income associated with noncontrolling interests	-	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	-	-
Transfers (to) from related organizations	-	-	-	2,246,380	(2,246,380)	-
Change in unrecognized funded status of retirement plan	13,291,089	-	-	-	-	13,291,089
Increase (decrease) in unrestricted net assets	47,173,059	4,348,970	2,551,576	2,297,207	(2,297,207)	54,073,605
Change in temporarily restricted net assets:						
Contributions, investment income and other	(124,413)	-	-	21,139	-	(103,274)
Net assets released from restrictions, used for operations	(1,114,191)	-	-	-	-	(1,114,191)
Change in interest in net assets of Foundation	1,624,253	(41,960)	-	-	-	1,582,293
Increase (decrease) in temporarily restricted net assets	385,649	(41,960)	-	21,139	-	364,828
Change in permanently restricted net assets, contributions, investment income and other	-	-	53,144	-	-	53,144
Increase (decrease) in net assets	\$ 47,558,708	\$ 4,307,010	\$ 2,604,720	\$ 2,318,346	\$ (2,297,207)	\$ 54,491,577

* The Obligated Group includes Genesis Health System – Iowa (an Iowa nonprofit corporation), Genesis Health System – Illinois (an Illinois not-for-profit corporation), Genesis Medical Center – Aledo (an Illinois not-for-profit corporation) and Genesis Senior Living – Aledo (an Illinois not-for-profit Corporation)

Genesis Health Services Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Accountable Care Organization, LLC	Genesis Health System Workers' Compensation Plan and Trust	Misencordia Assurance Company, Ltd	Eliminations	Total
\$ -	\$ 6,892,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,938,455)	\$ 548,703,386
-	-	-	-	-	-	-	-	35,672,919
-	6,892,119	-	-	-	-	-	(4,938,455)	513,030,467
-	-	-	5,870,389	-	-	-	-	5,870,389
-	-	1,198,928	9,294,346	-	-	-	(8,373,034)	2,120,240
1,190,353	-	-	3,675,970	1,365,482	1,913,107	2,880,997	(9,516,006)	31,438,387
1,190,353	6,892,119	1,198,928	18,840,705	1,365,482	1,913,107	2,880,997	(22,827,495)	552,459,483
427,197	490,495	-	5,747,055	-	-	-	-	239,375,705
58,351	240,564	-	1,189,128	-	-	-	(2,734)	47,510,837
248,367	520,275	98,995	220,512	674,884	200,950	251,404	(674,884)	48,719,607
84,358	299,790	1,651	379,547	-	-	-	(4,489,024)	83,721,196
1,457,139	578,419	404,908	7,440,012	1,160,660	1,712,157	2,629,593	(16,682,249)	75,478,431
-	423	1,259	1,006,494	-	-	-	(978,604)	4,069,575
-	101,333	188,577	3,228,915	-	-	-	-	36,277,950
2,275,412	2,231,299	695,390	19,211,663	1,835,544	1,913,107	2,880,997	(22,827,495)	535,153,301
(1,085,059)	4,660,820	503,538	(370,958)	(470,062)	-	-	-	17,306,182
124,669	-	-	21,700	-	281,323	-	-	11,782,407
82,761	-	-	-	-	36,126	-	-	6,838,810
326,218	(2,019)	(428)	14,896	-	(1,195,194)	-	-	4,245,995
533,648	(2,019)	(428)	36,596	-	(877,745)	-	-	22,867,212
(551,411)	4,658,801	503,110	(334,362)	(470,062)	(877,745)	-	-	40,173,394
-	-	-	-	-	-	-	(3,537,453)	-
(551,411)	4,658,801	503,110	(334,362)	(470,062)	(877,745)	-	(3,537,453)	40,173,394
-	-	-	-	-	-	-	(1,340,443)	(1,340,443)
(551,411)	4,658,801	503,110	(334,362)	(470,062)	(877,745)	-	(4,877,896)	38,832,951
-	-	-	-	-	-	-	1,340,443	1,340,443
-	-	-	-	-	-	-	(1,303,177)	(1,303,177)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	13,291,089
(551,411)	4,658,801	503,110	(334,362)	(470,062)	(877,745)	-	(4,840,630)	52,161,306
2,482,106	-	-	-	-	-	-	-	2,378,832
(831,218)	-	-	-	-	-	-	-	(1,945,409)
-	-	-	-	-	-	-	(1,360,566)	221,727
1,650,888	-	-	-	-	-	-	(1,360,566)	655,150
110,673	-	-	-	-	-	-	-	163,817
\$ 1,210,150	\$ 4,658,801	\$ 503,110	\$ (334,362)	\$ (470,062)	\$ (877,745)	\$ -	\$ (6,201,196)	\$ 52,980,273

**Genesis Health System
and Related Organizations**

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

	GHS Iowa	GHS Illinois	Eliminations	Obligated Group *
Change in unrestricted net assets				
Unrestricted revenue:				
Patient service revenue, net of contractual adjustments	\$ 434,038,692	\$ 88,861,435	\$ (911,042)	\$ 521,989,085
Less provision for doubtful accounts	25,008,208	6,810,255	-	31,818,463
Net patient service revenue	409,030,484	82,051,180	(911,042)	490,170,622
Other service revenue, net	-	994,618	-	994,618
Medical office building rental revenue	-	-	-	-
Other revenue	22,537,314	4,736,859	(658,941)	26,615,232
Total revenue	431,567,798	87,782,657	(1,569,983)	517,780,472
Expenses				
Salaries and wages	195,553,891	28,883,535	-	224,437,426
Employee benefits	42,581,212	6,733,203	(32,402)	49,282,013
Contracted professionals and services	37,421,642	6,088,913	(1,045,913)	42,464,642
Supplies	72,827,297	13,620,033	(176,950)	86,270,380
Other	45,290,942	24,467,149	(314,718)	69,443,373
Interest	4,167,857	245,142	-	4,412,999
Depreciation and amortization	27,823,095	3,946,293	-	31,769,388
Total expenses	425,665,936	83,984,268	(1,569,983)	508,080,221
Operating income (loss)	5,901,862	3,798,389	-	9,700,251
Nonoperating gains and (losses)				
Interest and dividend income and realized gains on sales of investments	6,169,126	71,145	-	6,240,271
Current year change in unrealized (losses) on trading securities	(1,708,994)	-	-	(1,708,994)
Other nonoperating income (expense)	919,857	110,212	-	1,030,069
Nonoperating gains and (losses)	5,379,989	181,357	-	5,561,346
Excess of revenue over (under) expenses before equity in net income of subsidiaries	11,281,851	3,979,746	-	15,261,597
Equity in net income of subsidiaries	1,379,968	399,974	-	1,779,942
Excess of revenue over (under) expenses	12,661,819	4,379,720	-	17,041,539
Less excess of revenue (over) expenses attributable to noncontrolling interests	-	-	-	-
Excess of revenue over (under) expenses attributable to Genesis Health System	12,661,819	4,379,720	-	17,041,539
Purchase of investment from noncontrolling interests	-	-	-	-
Income associated with noncontrolling interests	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-
Transfers (to) from related organizations	-	-	-	-
Change in unrecognized funded status of retirement plan	(15,464,620)	-	-	(15,464,620)
Increase (decrease) in unrestricted net assets	(2,802,801)	4,379,720	-	1,576,919
Change in temporarily restricted net assets				
Contributions, investment income and other	(112,507)	-	-	(112,507)
Net assets released from restrictions, used for operations	(668,824)	-	-	(668,824)
Transfers (to) from related organizations	-	-	-	-
Change in interest in net assets of Foundation	109,853	(55,653)	-	54,200
Increase (decrease) in temporarily restricted net assets	(671,478)	(55,653)	-	(727,131)
Change in permanently restricted net assets, contributions, investment income and other	-	(44,292)	-	(44,292)
Increase (decrease) in net assets	\$ (3,474,279)	\$ 4,279,775	\$ -	\$ 805,496

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

Genesis Health Services Foundation	Illini Hospital Foundation	GenGastro, LLC	The Larson Center Partnership	GenVentures, Inc	Genesis Health System Workers' Compensation Plan and Trust	Misericordia Assurance Company, Ltd	Davenport SRS Leasing, LLC	Eliminations	Total
\$ -	\$ -	\$ 6,179,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,519,706)	\$ 523,649,278
-	-	-	-	-	-	-	-	-	31,818,463
-	-	6,179,899	-	-	-	-	-	(4,519,706)	491,830,815
-	-	-	-	4,788,681	-	-	828,536	-	6,611,835
-	-	-	1,225,752	8,736,016	-	-	-	(8,029,638)	1,932,130
1,146,288	18,185	-	-	3,372,195	1,343,666	3,105,956	-	(5,342,095)	30,259,427
1,146,288	18,185	6,179,899	1,225,752	16,896,892	1,343,666	3,105,956	828,536	(17,891,439)	530,634,207
402,157	24,667	440,572	-	5,409,815	-	-	-	-	230,714,637
54,410	2,019	251,145	-	1,222,180	-	-	-	(2,523)	50,809,244
284,561	3,537	465,943	150,263	192,026	195,342	244,805	10,553	-	44,011,672
76,962	363	241,872	2,039	343,731	-	-	-	(4,254,299)	82,681,048
1,426,302	26,019	600,418	351,391	6,943,255	1,148,324	2,861,151	207,289	(12,615,481)	70,392,041
-	-	262	17,832	1,053,041	-	-	215,182	(1,019,136)	4,680,180
-	-	129,112	174,989	3,181,533	-	-	546,019	-	35,801,041
2,244,392	56,605	2,129,324	696,514	18,345,581	1,343,666	3,105,956	979,043	(17,891,439)	519,089,863
(1,098,104)	(38,420)	4,050,575	529,238	(1,448,689)	-	-	(150,507)	-	11,544,344
101,859	-	-	-	30,058	329,251	-	-	-	6,701,439
(33,761)	(52,084)	-	-	-	(141,928)	-	-	-	(1,936,767)
262,689	2,784	164	(344)	(18,744)	(1,800,000)	-	276	-	(523,106)
330,787	(49,300)	164	(344)	11,314	(1,612,677)	-	276	-	4,241,566
(767,317)	(87,720)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	-	15,785,910
-	-	-	-	-	-	-	-	(1,779,942)	-
(767,317)	(87,720)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	(1,779,942)	15,785,910
-	-	-	-	-	-	-	-	(1,212,084)	(1,212,084)
(767,317)	(87,720)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	(2,992,026)	14,573,826
-	-	-	-	-	-	-	-	(2,369,885)	(2,369,885)
-	-	-	-	-	-	-	-	1,212,084	1,212,084
-	-	-	-	-	-	-	-	(1,271,376)	(1,271,376)
129,793	(129,793)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(15,464,620)
(637,524)	(217,513)	4,050,739	528,894	(1,437,375)	(1,612,677)	-	(150,231)	(5,421,203)	(3,319,971)
3,159,468	(14,398)	-	-	-	-	-	-	-	3,032,563
(2,972,815)	(18,185)	-	-	-	-	-	-	-	(3,659,824)
326,447	(326,447)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(19,717)	34,483
513,100	(359,030)	-	-	-	-	-	-	(19,717)	(592,778)
1,958,255	(44,292)	-	-	-	-	-	-	44,292	1,913,963
\$ 1,833,831	\$ (620,835)	\$ 4,050,739	\$ 528,894	\$ (1,437,375)	\$ (1,612,677)	\$ -	\$ (150,231)	\$ (5,396,628)	\$ (1,998,786)