See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
GENESIS HEALTHCARE SYSTEM

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2951 MAPLE AVENUE

City or town, state or province, country, and ZIP or foreign postal code
ZANESVILLE, OH 43701

D Employer identification number
31-1480941

E Telephone number
(740)454-5000

G Gross receipts $ 360,062,486

F Name and address of principal officer
MATTHEW PERRY
2951 MAPLE AVENUE
ZANESVILLE,OH 43701

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

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

H(c) Group exemption number ▶ 3727

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

J Website: ▶ WWW GENESISHCS ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1997

M State of legal domicile OH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
IN 1997, GOOD SAMARITAN MEDICAL CENTER AND BETHESDA HOSPITAL ASSOCIATION, A TAX-EXEMPT COMMUNITY HOSPITAL ALSO LOCATED IN ZANESVILLE, AFFILIATED TO FORM GENESIS HEALTHCARE SYSTEM GENESIS HAS BEEN GRANTED 501C3 STATUS AS A HOSPITAL ALL HOSPITAL OPERATIONS AND ASSETS OF GOOD SAMARITAN MEDICAL CENTER WERE TRANSFERRED TO GENESIS WITH THE EXCEPTION OF CERTAIN INVESTMENTS GOOD SAMARITAN MEDICAL CENTER WILL CONTINUE TO HAVE CONTROL OVER CERTAIN INVESTMENTS WHICH ARE BEING USED BY THE GENESIS HEALTHCARE SYSTEM IN FULFILLING ITS TAX-EXEMPT PURPOSE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	3,173
6	Total number of volunteers (estimate if necessary)	**6**	404
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	592,310
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-300,449

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	369,745	370,113
	9 Program service revenue (Part VIII, line 2g)	336,634,385	338,078,219
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,570,462	6,550,579
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	15,148,859	14,167,794
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	355,723,451	359,166,705
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	40,000	110,000
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	154,196,929	156,097,798
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	171,023,118	183,236,127
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	325,260,047	339,443,925
	19 Revenue less expenses Subtract line 18 from line 12	30,463,404	19,722,780

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	280,222,455	542,428,772
	21 Total liabilities (Part X, line 26)	142,100,697	379,542,394
	22 Net assets or fund balances Subtract line 21 from line 20	138,121,758	162,886,378

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

****** 2014-11-12
Signature of officer Date

PAUL MASTERSON CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
BERNIE OSTROWSKI				P00366367

Firm's name ▶ PLANTE & MORAN PLLC — Firm's EIN ▶ 38-1357951

Firm's address ▶ 65 EAST STATE ST STE 600
COLUMBUS, OH 43215 — Phone no (614) 849-3000

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

TO PROMOTE CHARITABLE SUPPORT FOR GENESIS HEALTHCARE SYSTEM AS WE SHARE ITS MISSION TO PROVIDE COMPASSIONATE, QUALITY HEALTHCARE

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 $ 182,338,755 including grants of $ 110,000) (Revenue $ 139,506,283)

GENESIS PROVIDES ACUTE CARE SERVICES INCLUDING MEDICAL, SURGICAL, OBSTETRICAL, PEDIATRIC AND CRITICAL CARE THE MEDICAL/SURGICAL UNITS ARE STAFFED AT BOTH CAMPUSES FOR A COMBINED TOTAL OF 237 BEDS TOTAL PATIENTS DISCHARGED FROM THESE UNITS IN 2013 WERE 13,208 OBSTETRICS STAFFS A TOTAL OF 24 BEDS AT THE BETHESDA CAMPUS AND DISCHARGED 1,461 PATIENTS FOR A TOTAL OF 1,405 BIRTHS THE PEDIATRIC UNIT IS LOCATED AT THE BETHESDA CAMPUS WITH 10 BEDS AND HAD 272 DISCHARGES IN 2013 THERE ARE 21 CRITICAL CARE BEDS BETWEEN THE TWO CAMPUSES AND DISCHARGED 363 PATIENTS DURING THE YEAR AND 25 CARDIOVASCULAR BEDS IN A UNIT LOCATED ON THE GOOD SAMARITAN CAMPUS WITH 1,519 DISCHARGES IN 2013 THERE IS ALSO A CANCER UNIT ON THE GOOD SAMARITAN CAMPUS WITH 15 BEDS AND 815 DISCHARGES IN 2013 AND AN ORTHOPAEDIC UNIT WITH 6 BEDS AND 611 DISCHARGES IN 2013 GENESIS PROVIDES A WIDE RANGE OF DIAGNOSTIC AND SUPPORT SERVICES ON BOTH CAMPUSES FOR INPATIENTS AND OUTPATIENTS THESE SERVICES ARE COMPRISED OF LABORATORY, IMAGING SERVICES, CARDIAC, AND PHARMACY LABORATORY SERVICES INCLUDE CHEMISTRY, PATHOLOGY, MICROBIOLOGY, HEMATOLOGY, AND CYTOLOGY FOR TOTAL VOLUMES IN 2013 OF 1,406,200 IMAGING SERVICES INCLUDES RADIOLOGY, NUCLEAR MEDICINE, MRI, ULTRASOUND, CT SCAN, AND PET SCAN WITH TOTAL VOLUMES OF 157,459 PHARMACY PRESCRIPTIONS TOTALED 6,972,019 GENESIS PROVIDES BEHAVIORAL HEALTH SERVICES FOR PSYCHIATRIC ADULTS ON AN OPEN UNIT AND A PROTECTED UNIT THERE ARE 8 PSYCHIATRIC INTENSIVE TREATMENT BEDS LOCATED WITHIN THE PROTECTED UNIT WE HAVE A 14-BED CHILD/ADOLESCENT INPATIENT UNIT, WHICH IS PROTECTED INPATIENT DETOXIFICATION SERVICES ARE PROVIDED AS WELL AS OUTPATIENT DRUG AND ALCOHOL SERVICES THERE ARE PARTIAL HOSPITAL PROGRAMS FOR CHILDREN, ADOLESCENTS, ADULTS AND A DUALLY DIAGNOSED PARTIAL PROGRAM FOR ADOLESCENTS A FULL RANGE OF THERAPEUTIC SERVICES IS OFFERED INCLUDING ART, MUSIC, RECREATION AND OCCUPATIONAL THERAPY OTHER MISCELLANEOUS PROGRAMS INCLUDE DUI SCHOOL, SHOP LIFTING DIVERSION, UNDERAGECONSUMPTION SCHOOLS AND CLASSES FOR DIVORCING PARENTS AND CHILDREN OF DIVORCE TOTAL INPATIENTS TREATED IN 2013 WERE 1,721

4b (Code) (Expenses $ 40,310,842 including grants of $ 0) (Revenue $ 112,726,068)

CARDIAC SERVICES - GENESIS PROVIDES CARDIAC SERVICES INCLUDING AN OPEN-HEART SURGERY PROGRAM THE MOST COMMON OPEN-HEART SURGERY PERFORMED AT GENESIS IS CORONARY ARTERY BYPASS GRAFTING HOWEVER, OUR BOARD-CERTIFIED SURGEONS PERFORM SEVERAL HEART AND LUNG SURGICAL PROCEDURES THE TOTAL NUMBER OF CARDIAC CASES TREATED IN 2013 WERE 2,683

4c (Code) (Expenses $ 18,017,875 including grants of $ 0) (Revenue $ 50,385,556)

RESPIRATORY SERVICES - GENESIS TREATS A LARGE VOLUME OF RESPIRATORY CASES ON INPATIENT BASIS THIS INCLUDES PATIENTS WITH CHRONIC LUNG DISEASE AS WELL AS PNEUMONIA PATIENTS THE TOTAL NUMBER OF INPATIENT RESPIRATORY CASES TREATED IN 2013 WERE 2,208

(Code) (Expenses $ 14,855,133 including grants of $ 0) (Revenue $ 41,404,875)

ORTHOPEDIC SERVICES - GENESIS HAS COMBINED SEVERAL SERVICES INTO A COMPLETE ORTHOPEDIC PROGRAM GENESIS HAS SPECIALLY EQUIPPED OPERATING ROOMS, A DEDICATED INPATIENT UNIT, AN ORTHOPEDIC REHAB PROGRAM, A SKILLED NURSING FACILITY AND SPORTS MEDICINE SERVICES BUT THE MOST IMPORTANT ELEMENT IS A COMMITMENT TO EXCELLENCE IN CLINICAL QUALITY, MADE POSSIBLE BY A TEAM OF WELL-TRAINED AND DEDICATED STAFF THE TOTAL NUMBER OF ORTHOPEDIC INPATIENT CASES TREATED IN 2013 WERE 1,240 GRANTS WERE PAID TO GENESIS HEALTHCARE FOUNDATION TO HELP FURTHER THE RELATED TAX-EXEMPT ORGANIZATION'S PURPOSE

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

GENESIS PROVIDES BEHAVIORAL HEALTH SERVICES FOR PSYCHIATRIC ADULTS ON AN OPEN UNIT AND A PROTECTED UNIT THERE ARE 8 PSYCHIATRIC INTENSIVE TREATMENT BEDS LOCATED WITHIN THE PROTECTED UNIT WE HAVE A 14-BED CHILD/ADOLESCENT INPATIENT UNIT, WHICH IS PROTECTED INPATIENT DETOXIFICATION SERVICES ARE PROVIDED AS WELL AS OUTPATIENT DRUG AND ALCOHOL SERVICES THERE ARE PARTIAL HOSPITAL PROGRAMS FOR CHILDREN, ADOLESCENTS, ADULTS AND A DUALLY DIAGNOSED PARTIAL PROGRAM FOR ADOLESCENTS A FULL RANGE OF THERAPEUTIC SERVICES IS OFFERED INCLUDING ART, MUSIC, RECREATION AND OCCUPATIONAL THERAPY OTHER MISCELLANEOUS PROGRAMS INCLUDE DUI SCHOOL, SHOP LIFTING DIVERSION, UNDERAGECONSUMPTION SCHOOLS AND CLASSES FOR DIVORCING PARENTS AND CHILDREN OF DIVORCE TOTAL INPATIENTS TREATED IN 2013 WERE 1,721

4d Other program services (Describe in Schedule O)

(Expenses $ 14,855,133 including grants of $) (Revenue $ 41,404,875)

4e **Total program service expenses** ▶ 255,522,605

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
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	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, 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*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or 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*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	352		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,173		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line 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**	13		
	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**	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ 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

▶ MARTI NASH 2951 MAPLE AVENUE
ZANESVILLE, OH 43701 (740) 454-5000

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

Check if Schedule O contains a response or note to any line 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, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) WALTER OFFINGER VICE CHAIR	2 50 0 00	X		X				0	0	0
(2) JODY BALLAS CHAIR	3 60 0 00	X		X				0	0	0
(3) JERRY NOLDER TREASURER	3 70 0 00	X		X				0	0	0
(4) MARK MOYER EX-OFFICIO	2 80 0 00	X						0	0	0
(5) SR LAURA WOLF EX-OFFICIO	2 70 20	X						0	0	0
(6) RANDY COCHRANE SECRETARY	2 10 40	X		X				0	0	0
(7) THOMAS DIEHL MD TRUSTEE	40 00 0 00	X						322,513	0	15,160
(8) ROBERT KESSLER TRUSTEE	3 30 0 00	X						0	0	0
(9) ERIC NEWSOM MD TRUSTEE	40 00 0 00	X						466,127	0	15,708
(10) JAMES MCDONALD TRUSTEE	2 70 40	X						0	0	0
(11) ERIN WELCH TRUSTEE	1 20 0 00	X						0	0	0
(12) WALTER WIELKIEWICZ MD TRUSTEE	40 00 0 00	X						203,790	0	35,305
(13) MAX CROWN TRUSTEE	1 20 40	X						0	0	0
(14) MATTHEW PERRY CHIEF EXEC OFFICER	36 40 3 60			X				665,548	0	93,230
(15) PAUL MASTERSON CHIEF FINANCIAL OFFICER	35 60 4 40			X				420,736	0	67,676
(16) RICHARD HELSPER CHIEF OPER OFFICER	40 00 0 00			X				398,157	0	3,891
(17) CASSANDRA PALMER CHIEF HR OFFICER (THRU AUGUST)	40 00 0 00				X			315,817	0	265,517

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 dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) EDMOND ROMITO CHIEF INFOR OFFICER	40 00 0 00				X			314,774	0	22,413
(19) ALAN BURNS CHIEF DEVELOPMENT OFFICER	40 00 0 00				X			358,724	0	55,642
(20) PATRICIA CAMPBELL CHIEF NURSING OFFICER (THRU AUGUST)	39 90 10				X			314,897	0	241,784
(21) REGINA PENNINGTON CHIEF QUALITY OFFICER	39 90 10				X			249,559	0	85,653
(22) DANIEL SCHEERER MD CHIEF MEDICAL AFFAIRS OFFI	40 00 0 00				X			324,674	0	16,595
(23) ABBY NGUYEN DIRECTOR OF NURSING AND CL	40 00 0 00				X			162,898	0	22,969
(24) DIANNA LEVECK DIRECTOR OF HUMAN RESOURCE	40 00 0 00				X			178,687	0	17,110
(25) CHARLES ADAMS JR DIRECTOR OF LEAN SIGMA	40 00 0 00					X		155,177	0	13,220
(26) RAY RYMAN CLINICAL PHARMACIST	40 00 0 00					X		146,785	0	22,247
(27) GREGORY PETE HAMILTON DIRECTOR OF PHARMACY SERVI	40 00 0 00					X		143,128	0	27,866
(28) MICHAEL NORMAN DIRECTOR OF FIN AND REIMB SVCS	40 00 0 00					X		141,820	0	10,160
(29) SHARON PARKER DIRECTOR OF CANCER SERVICES	40 00 0 00					X		153,045	0	19,228

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	5,436,856	0	1,051,374

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 ▶ 53

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
ZANESVILLE ANESTHESIA PHYSICIANS INC 37 S SEVENTH ST ZANESVILLE OH 43701	MEDICAL SERVICES	3,268,816
ACCENTURE LLC 161 CLARK ST CHICAGO IL 60601	CONSULTING	2,313,901
CARDIAC ANESTHESIA ASSOC 800 FOREST AVE ZANESVILLE OH 43701	MEDICAL SERVICES	1,535,641
BRICKER & ECKLER LLP 500 CHIPETA WAY SALT LAKE CITY UT 84108	MEDICAL SERVICES	1,507,984
ADVIZEX TECHNOLOGIES LLC 860 BETHESDA DR ZANESVILLE OH 43701	MEDICAL SERVICES	1,180,420
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 ▶ 50		

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	43,250			
	e	Government grants (contributions)	1e	201,692			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	125,171			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		370,113			
			Business Code				
Program Service Revenue	2a	NET PATIENT SERVICES	621110	337,489,697	337,489,697		
	b	PASSTHROUGH INCOME	621110	588,522	588,522		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		338,078,219			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		6,192,400			6,192,400
	4	Income from investment of tax-exempt bond proceeds . . ▶		-384,080			-384,080
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents	937,276				
	b	Less rental expenses	895,781				
	c	Rental income or (loss)	41,495				
	d	Net rental income or (loss) . . . . . ▶		41,495			41,495
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		742,259			
	b	Less cost or other basis and sales expenses		0			
	c	Gain or (loss)		742,259			
	d	Net gain or (loss) . . . . . ▶		742,259			742,259
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	EHR TECHNOLOGY INCOME	621110	3,583,370	3,583,370		
	b	CAFETERIA SALES	621110	3,542,368		99,868	3,442,500
	c	OCCUPATIONAL HEALTH	621110	1,388,275	1,388,275		
	d	All other revenue		5,612,286	1,254,471	492,442	3,865,373
	e	**Total.** Add lines 11a–11d . . . . . ▶		14,126,299			
	12	**Total revenue.** See Instructions . . . . . ▶		359,166,705	344,304,335	592,310	13,899,947

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 or note to any line 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	110,000	110,000		
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				
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	116,809,726	81,788,096	35,021,630	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	8,080,057	5,657,515	2,422,542	
9 Other employee benefits	22,772,982	15,945,245	6,827,737	
10 Payroll taxes	8,435,033	5,906,063	2,528,970	
11 Fees for services (non-employees)				
a Management	1,302,914	818,328	484,586	
b Legal	2,061,723		2,061,723	
c Accounting	384,097		384,097	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	28,691,271	13,961,433	14,729,838	
12 Advertising and promotion	307,685	307,685		
13 Office expenses	10,745,479	4,677,840	6,067,639	
14 Information technology	6,365,744	1,107,797	5,257,947	
15 Royalties . .				
16 Occupancy	4,531,419	3,026,988	1,504,431	
17 Travel	836,777	315,762	521,015	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,193,238	2,193,238		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	21,196,590	18,967,520	2,229,070	
23 Insurance	1,046,632	1,032,501	14,131	
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 MEDICAL SUPPLIES	62,722,139	62,722,139		
b BAD DEBT EXPENSE	27,997,179	27,997,179	0	
c PHYSICIAN RECRUITMENT	3,300,516	3,300,516	0	
d LAB REFERENCE FEES	1,338,387	1,338,387		
e All other expenses	8,214,337	4,348,373	3,865,964	
25 **Total functional expenses.** Add lines 1 through 24e	339,443,925	255,522,605	83,921,320	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 Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		1,883,985	1	6,647,860
	2	Savings and temporary cash investments		7,327,947	2	5,111,085
	3	Pledges and grants receivable, net		855,000	3	856,733
	4	Accounts receivable, net		58,598,927	4	59,913,257
	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 instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,021,209	8	5,138,075
	9	Prepaid expenses and deferred charges		10,919,798	9	10,874,232
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 368,039,099			
	b	Less accumulated depreciation	10b 222,314,657	104,953,576	10c	145,724,442
	11	Investments—publicly traded securities		66,651,933	11	78,459,192
	12	Investments—other securities See Part IV, line 11		14,274,732	12	13,443,621
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		1,703,129	14	1,703,129
	15	Other assets See Part IV, line 11		8,032,219	15	214,557,146
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		280,222,455	16	542,428,772
Liabilities	17	Accounts payable and accrued expenses		31,164,867	17	42,006,589
	18	Grants payable			18	
	19	Deferred revenue		7,702,912	19	6,865,423
	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		57,017,747	23	301,754,826
	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		46,215,171	25	28,915,556
	26	**Total liabilities.** Add lines 17 through 25		142,100,697	26	379,542,394
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		138,121,758	27	162,886,378
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		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		138,121,758	33	162,886,378
	34	Total liabilities and net assets/fund balances		280,222,455	34	542,428,772

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	359,166,705
2	Total expenses (must equal Part IX, column (A), line 25)	2	339,443,925
3	Revenue less expenses Subtract line 2 from line 1	3	19,722,780
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	138,121,758
5	Net unrealized gains (losses) on investments	5	5,177,712
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	-135,872
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	162,886,378

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☑

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	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			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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			
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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

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

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions))**	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(v)** Did you notify the organization in col **(i)** of your support?		**(vi)** Is the organization in col **(i)** organized in the U S ?		**(vii)** Amount of monetary support
			Yes	**No**	**Yes**	**No**	**Yes**	**No**	
Total									

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test		
Return Reference	Explanation	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
GENESIS HEALTHCARE SYSTEM	31-1480941

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		150,071
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		19,882
j	Total Add lines 1c through 1i			169,953
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Return Reference	Explanation
PART II-B, LINE 1	GENESIS HEALTHCARE SYSTEM PAYS MEMBERSHIP DUES TO THE FOLLOWING ORGANIZATIONS A PORTION OF THE DUES ARE RELATED TO LOBBYING ACTIVITIES FSCC HEALTHCARE MINISTRY (FOR CHA) 3 31% OF $7,865 ($260) CATHOLIC CONFERENCE OF OHIO 5 3% OF $858 ($45) OHIO HOSPITAL ASSOCIATION (OHA) 5 3% OF $75,693($4,012) FSCC HEALTHCARE MINISTRY (FOR AHA) 23 65% OF $51,874 ($12,268) AMERICAN ACADEMY OF SLEEP MEDICINE 7 0% OF $2,200 ($154) HIMSS 4 01% OF $3,175 ($127) AMERICAN COLLEGE OF HEALTHCARE EXECUTIVES 1 0% OF $1,125 ($11) AMERICAN COLLEGE OF RADIATION ONCOLOGY 2 0% OF $255 ($5) AMERICAN HEALTH INFORMATION MANAGEMENT ASSOCIATION 1 5% OF $1,110 ($17) AMERICAN ORGANIZATION OF NURSE EXECUTIVES 10 0% OF $220 ($22) ASSOCIATION OF COMMUNITY CANCER CTS (ACCC) 6 0% OF $1,150 ($69) CLINICAL LABORATORY MANAGEMENT ASSOCIATION 15 0% OF $195 ($29) MEDICAL GROUP MANAGEMENT ASSOCIATION 15 0% OF $1,095 ($164) NATIONAL QUALITY FORUM 7 71% OF $5,250 ($405) SOCIETY FOR HUMAN RESOURCE MANAGEMENT 7 0% OF $345 ($24) SOCIETY OF THORACIC SURGEONS 17 0% OF $3,200 ($544) TRAUMA CENTER ASSOCIATION OF AMERICA 29 0% OF $2,000 ($580) ZANESVILLE-MUSKINGUM CO CHAMBER OF COMMERCE 10 0% OF $5,000 ($500) OHIO HOSPICE AND PALLIATIVE CARE ORG 7 0% OF $6,500 ($455) NATIONAL HOSPICE AND PALLIATIVE ORG 3 03% OF $6,264 ($190) IN ADDITION, GENESIS HEALTHCARE SYSTEM PAID MATTHEW KALLNER, LOBBYIST, $7,000 DURING THE YEAR FOR GENERAL LOBBYING RELATING TO OHIO STATEHOUSE ISSUES THE FIRM WILLIAMS AND JENSEN WAS PAID $14,499 FOR SERVICES IN RELATION TO BUILDING AND STRENGTHENING RELATIONSHIPS WITH OHIO MEMBERS OF CONGRESS AND OTHER RELEVANT MEMBERS AND THEIR STAFFS GENESIS HEALTHCARE SYSTEM PAID SECOND CAPITAL CONSULTING, LLC $127,631 PLUS $941 IN REIMBURSED EXPENSES TO MIKE BENNETT, PRINCIPAL SECOND CAPITAL CONSULTING, LLC PROVIDED GENESIS HEALTHCARE SYSTEM GOVERNMENT RELATIONS SERVICES INCLUDING OUTREACH AND ADVOCACY PRIMARILY AT THE STATE AND LOCAL LEVELS IN 2013 ISSUES AT THE LOCAL LEVEL INCLUDED WORKING WITH CITY OFFICIALS REGARDING THE HOSPITAL CONSOLIDATION PROJECT INVOLVING ZONING CODE VARIANCES FOR PARKING, WATER TAP FEES AND TRANSPORTATION INGRESS AND EGRESS FOR PATIENTS, FAMILIES AND THE PUBLIC RELATED TO A SECOND ENTRANCE TO ITS BETHESDA CAMPUS STATE ISSUES INCLUDED MEDICAID EXPANSION, TRANSPORTATION FUNDING AND MONITORING OF GENERAL HEALTHCARE RELATED ISSUES FEDERALLY, THE ORGANIZATION WORKED PRIMARILY THROUGH NATIONAL HEALTHCARE ASSOCIATIONS IN WHICH IT MAINTAINED MEMBERSHIP AND COMMUNICATED WITH LOCAL CONGRESSIONAL DELEGATION REGARDING ISSUES OF PHARMACEUTICAL ACCESS FOR INDIGENT PATIENTS (340B PROGRAM), RAC AUDIT APPEAL DELAYS AND STAGE TWO MEANINGFUL USE CRITERIA FOR ELECTRONIC MEDICAL RECORDS

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

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. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		7,904,309		7,904,309
b Buildings		52,717,577	40,520,394	12,197,183
c Leasehold improvements		3,765,989	1,299,926	2,466,063
d Equipment		299,854,181	177,204,054	122,650,127
e Other		3,797,043	3,290,283	506,760
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				145,724,442

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) DEBT SERVICE FUNDS	3,860,142
(2) UNAMORTIZED BOND ISSUE COSTS	4,762,317
(3) INVESTMENTS IN RELATED AND OTHER HEALTHCARE ORGANIZATIONS	4,410,256
(4) ASSETS LIMITED AS TO USE	201,524,431
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	214,557,146

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
ACCRUED MINIMUM PENSION LIABILITY	27,868,335
ACCRUED PROFESSIONAL LIABILITY	2,224,691
COST REPORT SETTLEMENT PAYABLE	-1,177,470
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	28,915,556

2. Liability for uncertain tax positions 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** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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**

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

Return Reference	Explanation
PART X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE SYSTEM AND RECOGNIZE A TAX LIABILITY IF THE SYSTEM HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE OR OTHER APPLICABLE TAX AUTHORITIES MANAGEMENT HAS ANAYLZED THE TAX POSITIONS TAKEN BY THE SYSTEM AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2013 AND 2012, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE FINANCIAL STATEMENTS THE SYSTEM IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER THERE ARE CURRENLTY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS MANAGEMENT BELIEVES THAT IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO FISCAL YEAR 2010

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

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	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
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? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☑ 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	3b	Yes	
	☐ 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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			10,996,028	4,559,347	6,436,681	2 070 %
b Medicaid (from Worksheet 3, column a)			51,830,098	41,306,257	10,523,841	3 380 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			62,826,126	45,865,604	16,960,522	5 450 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	20	31,586	890,795	48,358	842,437	0 270 %
f Health professions education (from Worksheet 5)	1	121	10,496		10,496	0 %
g Subsidized health services (from Worksheet 6)			4,314,448	4,015,937	298,511	0 100 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	1		6,250		6,250	0 %
j **Total.** Other Benefits	22	31,707	5,221,989	4,064,295	1,157,694	0 370 %
k **Total.** Add lines 7d and 7j	22	31,707	68,048,115	49,929,899	18,118,216	5 820 %

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						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			58		58	0 %
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**			58		58	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	27,997,179		
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	749,386		
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	93,012,114		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	87,410,295		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	5,601,819		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 2

Name, address, primary website address, and state license number

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
See Additional Data Table										

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 GOOD SAMARITAN HOSPITAL

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
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	**1**	Yes	
	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 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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**	Yes	
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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW GENESISHCS ORG			
b	☐ Other website (list url)			
c	☐ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
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**		No
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**		No
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)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
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 upon 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**	Yes	
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 the individual'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 Section C)			
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 individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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 individuals regarding the individuals' bills
- **d** ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 FAP-eligible individual 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**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

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 BETHESDA HOSPITAL

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 2

			Yes	No
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	**1**	Yes	
	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 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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**	Yes	
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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW GENESISHCS ORG			
b	☐ Other website (list url)			
c	☐ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
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**		No
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**		No
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)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
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 upon 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**	Yes	
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 the individual'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 Section C)			
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 individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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 individuals regarding the individuals' bills
- **d** ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 FAP-eligible individual 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**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
GOOD SAMARITAN HOSPITAL	PART V, SECTION B, LINE 7 HTTP //WWW GENESISHCS ORG/ABOUT-US/NOT-FOR-PROFIT-STATUS/COMMUNITY-HEALTH-NEEDS-ASSESSMENT/IMPLEMENTATION-STRATEGY/
BETHESDA HOSPITAL	PART V, SECTION B, LINE 7 HTTP //WWW GENESISHCS ORG/ABOUT-US/NOT-FOR-PROFIT-STATUS/COMMUNITY-HEALTH-NEEDS-ASSESSMENT/IMPLEMENTATION-STRATEGY/
GOOD SAMARITAN HOSPITAL	PART V, SECTION B, LINE 20D FAP PATIENTS ARE PROVIDED A MINIMUM DISCOUNT OF 40% THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE ARE THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERING SUCH CARE
BETHESDA HOSPITAL	PART V, SECTION B, LINE 20D FAP PATIENTS ARE PROVIDED A MINIMUM DISCOUNT OF 40% THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE ARE THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERING SUCH CARE

Part V Facility Information *(continued)*

Section D. 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? **5**

	Name and address	Type of Facility (describe)
1	HOSPICE & PALLIATIVE CARE 713 FOREST AVENUE ZANESVILLE,OH 43701	HOSPICE & PALLIATIVE CARE CENTER
2	RADIATION ONCOLOGY 817 FOREST AVENUE ZANESVILLE,OH 43701	OUTPATIENT RADIATION TREATMENT CENTER
3	CTR FOR OUTPATIENT & OCCUPATIONAL REHAB 740 ADAIR AVENUE ZANESVILLE,OH 43701	OUTPATIENT REHAB SERVICES
4	HEALTHPLEX 2800 MAPLE AVENUE ZANESVILLE,OH 43701	OUTPATIENT LAB, IMAGING, & URGENT CARE SERVICES
5	BETHESDA PHYSICIAN'S PAVILION 945 BETHESDA DRIVE ZANESVILLE,OH 43701	OUTPATIENT CARDIAC REHAB SERVICES
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 7	COSTS OF CHARITY CARE AND COMMUNITY BENEFIT ACTIVITIES WERE CALCULATED USING THE HOSPITAL'S COST ACCOUNTING SYSTEM PART I, LINE 7, COLUMN (F) PERCENTAGE OF TOTAL EXPENSES WAS CALCULATED BASED ON TOTAL EXPENSES LESS BAD DEBT EXPENSE AS REPORTED ON FORM 990, PART IX
PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 27,997,179

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	GENESIS HAS AN ACTIVE PRESENCE ON MANY COMMITTEES INVOLVED IN FINDING LOW COST SOLUTIONS TO PHYSICAL AND MENTAL HEALTH ISSUES PREVALENT IN OUR COMMUNITIES, WITH PARTICULAR FOCUS ON SERVING LOW-INCOME, UNINSURED OR OTHERWISE UNDERSERVED GENESIS NURSES, THERAPISTS, DIABETES COUNSELORS, ADMINISTRATORS AND OTHER PROFESSIONALS PARTICIPATE IN COMMUNITY COALITIONS AND PREVENTION PROGRAMS, PRIMARILY WITH A FOCUS ON DIABETES, DOMESTIC VIOLENCE, FAMILY SERVICES AND WELLNESS INITIATIVES
PART III, LINE 4	THE AMOUNT OF BAD DEBT ATTRIBUTABLE TO CHARITY CARE WAS ESTIMATED BASED UPON BAD DEBT A/R RECLASSIFIED IN 2013 TO CHARITY WITH SERVICE DATES OF 2012 AND PRIOR BAD DEBT COST IS CALCULATED USING GROSS CHARGES THE FINANCIAL STATEMENT FOOTNOTE RELATED TO BAD DEBT IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENT FOOTNOTE 1 "NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES" GROUPED WITH ACCOUNTS RECEIVABLE ON PAGE 8

Form and Line Reference	Explanation
PART III, LINE 8	CALCULATION WAS BASED ON THE MEDICARE COST TO CHARGE RATIO
PART III, LINE 9B	SELF-PAY ACCOUNTS RECEIVE ONE STATEMENT BEFORE GOING TO PRE-COLLECTION (APPROXIMATELY 30 DAYS) ALL ACCOUNTS ARE ELECTRONICALLY SCREENED FOR FAP ONCE AT PRE-COLLECT STATUS AND ADJUSTMENTS ARE POSTED ELECTRONICALLY BACK IN EPIC ACCOUNTS STAY IN PRE-COLLECT FOR 60 DAYS UNLESS ACCOUNT HAS BEEN PAID OR REGULAR PAYMENT ARRANGEMENTS ARE ESTABLISHED ACCOUNTS GO TO FULL COLLECTION AFTER DAY 90 IF NO PRIOR ARRANGEMENTS HAVE BEEN MADE EACH OF THE COLLECTION AGENCIES IS INSTRUCTED TO MAKE PHONE CALLS AND SEND LETTERS IF THEY CANNOT RESOLVE THE BALANCE, OR HAVE NOT BEEN ABLE TO MAKE PAYMENT ARRANGEMENTS, IT IS SENT BACK TO GENESIS AS NON-COLLECTIBLE IN 180 DAYS COLLECTION PRACTICES DO NOT APPLY TO ACCOUNT BALANCES KNOWN TO QUALIFY FOR CHARITY

Form and Line Reference	Explanation
PART VI, LINE 2	GENESIS HEALTHCARE SYSTEM, AS A NOT-FOR-PROFIT HEALTH CARE SYSTEM, IS DEDICATED TO MEETING THE HEALTH NEEDS OF OUR COMMUNITIES, REGARDLESS OF ONE'S ABILITY TO PAY WE ENCOURAGE AND SUPPORT COLLABORATION WITH OTHER COMMUNITY PARTNERS TO IDENTIFY, RESPOND TO AND STRIVE TO IMPROVE THE HEALTH-RELATED NEEDS OF THE POOR, THE UNDERSERVED, AND THE COMMUNITY AT LARGE WE PLEDGE ALL AVAILABLE FINANCIAL RESOURCES - AFTER OUR OPERATING EXPENSES ARE MET - TO RESPOND TO THE COMMUNITY'S HEALTH NEEDS WITH SERVICE INITIATIVES, FINANCIAL AND PROFESSIONAL SUPPORT, AND EDUCATION AND WELLNESS PROGRAMS THE COMMUNITY BENEFIT COMMITTEE COLLABORATES WITH GENESIS ADMINISTRATION AND DEPARTMENTS AND WITH COMMUNITY AGENCIES IN OUR DEFINED GEOGRAPHIC MARKET, INCLUDING BUT NOT LIMITED TO THE PUBLIC HEALTH DEPARTMENT, MUSKINGUM VALLEY HEALTH CENTERS, AND THE UNITED WAY, TO ASSESS COMMUNITY HEALTH NEEDS AND STRENGTHS, DEVELOP A COMMUNITY BENEFIT PLAN WITH STRATEGIC GOALS AND INTERVENTIONS, MONITOR IMPLEMENTATION OF COMMUNITY BENEFIT ACTIVITIES, EVALUATE COMMUNITY BENEFIT ACTIVITIES, ADVOCATE FOR THE COMMUNITY BENEFIT PROGRAMS, AND ASSIST IN TELLING THE GENESIS COMMUNITY BENEFIT STORY
PART VI, LINE 3	GENESIS HAS SIGNAGE STRATEGICALLY LOCATED IN THE FACILITY (REGISTRATION AREAS AND CASHIER AREAS) ADVISING OF FREE CARE BILLING STATEMENTS ALSO CONTAIN THIS INFORMATION ALONG WITH A CHARITY CARE APPLICATION PRINTED ON THE REVERSE SIDE OF THE BILL THE INFORMATION IS ALSO AVAILABLE ON OUR WEBSITE WE HAVE RESOURCE COUNSELORS THAT WORK IN THE EMERGENCY DEPARTMENT TO SCREEN PATIENTS FOR CHARITY ASSISTANCE AND LOOK FOR POTENTIAL MEDICAID QUALIFIERS FOR INPATIENTS, WE ALSO HAVE A THIRD PARTY THAT SCREENS SELF-PAYS, UNDERINSURED AND MEDICARE ONLY PATIENTS FOR MEDICAID AND/OR CHARITY

Form and Line Reference	Explanation
PART VI, LINE 4	OUR GEOGRAPHIC MARKET AREA IS A SIX-COUNTY RURAL REGION OF SOUTHEAST OHIO, INCLUDING MUSKINGUM, MORGAN, PERRY, COSHOCTON, GUERNSEY AND NOBLE COUNTIES TOTAL MARKET AREA POPULATION IS APPROXIMATELY 227,000, WITH MUSKINGUM COUNTY (85,000) REPRESENTING THE LARGEST COUNTY MEDIAN HOUSEHOLD INCOME LEVELS RANGE FROM $6,000 TO $11,000 LOWER THAN THE STATE MEDIAN HOUSEHOLD INCOME AND $11,000 TO $16,000 LOWER THAN THE NATIONAL MEDIAN HOUSEHOLD INCOME PEOPLE LIVING BELOW POVERTY LEVEL RANGES FROM 14 1% TO 18 5% IN THE REGION VERSUS 15 4% FOR STATE AND 14 9% FOR NATION
PART VI, LINE 5	ONGOING COMMUNITY HEALTH EDUCATION IS PROVIDED THROUGH REGULARLY SCHEDULED HEALTH AND WELLNESS PROGRAMS PRESENTED BY GENESIS STAFF AND AFFILIATED PHYSICIANS PREVENTATIVE HEALTH SCREENINGS ARE ALSO ROUTINELY SCHEDULED INDIVIDUALS AT RISK ARE ENCOURAGED TO SEE A PHYSICIAN AND PROVIDED ASSISTANCE WITH PHYSICIAN ACCESS AS NEEDED PROGRAM TOPICS ARE BASED ON COMMUNITY NEED AS DETERMINED BY FEEDBACK FROM PARTICIPANTS, A COMMUNITY ADVISORY GROUP AND INTERNAL CLINICAL GROUP GENESIS ALSO REGULARLY PROVIDES HEALTH AND WELLNESS EDUCATION THROUGH COMMUNITY-BASED HEALTH FAIRS HELD THROUGHOUT THE COMMUNITY

Form and Line Reference	Explanation
PART VI, LINE 6	THE GENESIS ORGANIZATION AND IT'S AFFILIATES ARE REACHING OUT TO IMPROVE THE HEALTH OF THE COMMUNITY THROUGH VARIOUS PROGRAMS, MANY BASED ON PREVENTION THESE FREE PROGRAMS INCLUDE FALL-RISK ASSESSMENTS, THINKFIRST INJURY PREVENTION FOR CHILDREN AND YOUNG ADULTS, AND IMPACT (IMMEDIATE POST-CONCUSSION ASSESSMENT AND COGNITIVE TESTING) AS A PART OF THESE PROGRAMS, GENESIS COMMUNITY AMBULANCE SERVICE (CAS) PARTICIPATES IN PRESENTATIONS THAT SIMULATE DISTRACTED DRIVING ACCIDENTS TO SCHOOLS AND ORGANIZATIONS CAS ALSO PROMOTES THE WELL-BEING OF THE COMMUNITY THROUGH STANDBYS AT LOCAL EVENTS, PARAMEDIC ASSIST, AMBULANCE TOURS AND EFFORTS TO INCREASE PUBLIC AWARENESS OF EMERGENCY MEDICAL SERVICE AND 9-1-1 BEFORE AN EMERGENCY OCCURS IN ADDITION, GENESIS PROVIDES NUMEROUS HEALTH SCREENINGS THROUGH OUR AFFILIATED PHARMACIES, PARTICIPATES IN COMMUNITY-BASED HEALTH FAIRS, OFFERS REGULAR EDUCATION PROGRAMS ON A VARIETY OF HEALTH TOPICS, AND COOPERATES WITH OUR IN-HOME CARE AFFILIATES TO GENERATEA BETTER QUALITY OF LIFE FOR AREA RESIDENTS WHO MAY OTHERWISE REQUIRE NURSING HOME CARE SYSTEM MEMBER ORGANIZATIONS ROUTINELY PARTICIPATE WITH THE HOSPITAL IN PROVIDING HEALTH AND WELLNESS PROGRAMS AND SCREENINGS SPECIFICALLY, FITNESS CENTER STAFF PROVIDES ADVICE ON EXERCISE AND THE RETAIL PHARMACY OFFERS ONGOING SCREENINGS THROUGH A WELL-ESTABLISHED WELLNESS PROGRAM AND SERVES AS THE HOSPITAL'S SCREENING PARTNER FOR COMMUNITY-BASED INITIATIVES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) GENESIS HEALTHCARE FOUNDATION 2951 MAPLE AVENUE ZANESVILLE,OH 43701	31-1629304	501(C)(3)	55,000				GRANTS WERE PAID THE RELATED TAX-EXEMPT ORGANIZATION TO HELP SUPPORT ITS PURPOSE
(2) UNITED WAY-MUSKINGUM COUNTY 526 PUTNAM AVENUE ZANESVILLE,OH 43701	31-4379456	501(C)(3)	55,000				GRANTS WERE PAID TO HELP IMPROVE COMMUNITY CONDITIONS THROUGH PARTNERSHIPS IN THE AREAS OF INCOME, EDUCATION AND HEALTH

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

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

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

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	GRANTS WERE PAID TO GENESIS HEALTHCARE FOUNDATION TO HELP FURTHER THE RELATED TAX-EXEMPT ORGANIZATION'S PURPOSE THE UNITED WAY DONATION IS MONITORED THROUGH "METRICS AND DATA" REPORTED TO GHCS AND GHCD APPOINTS ONE "AT-LARGE MEMBER" ANNUALLY TO SERVE ON THE COMMUNITY IMPACT BOARD

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

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.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	THE ORGANIZATION PAYS COUNTRY CLUB DUES AND RELATED BUSINESS EXPENSES FOR FIVE MEMBERS OF LEADERSHIP PERSONAL USAGE IS PAID BY THE INDIVIDUAL AND THE PERCENTAGE OF DUES RELATED TO PERSONAL USAGE ARE ADDED TO THE INDIVIDUALS W-2
PART I, LINE 4B	PART I, LINE 4B A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) WAS SET UP TO PROVIDE ADDITIONAL DEFERRED RETIREMENT INCOME TO THE GENESIS HEALTH CARE SYSTEM SENIOR LEADERSHIP TEAM MEMBERS THIS PLAN IS FUNDED BY GENESIS AND VESTS WITH SERVICE GENESIS HEALTHCARE SYSTEM MADE CONTRIBUTIONS TO NONQUALIFIED RETIREMENT PLANS FOR THE FOLLOWING INDIVIDUALS MATTHEW PERRY, $71,434 PAUL MASTERSON, $23,606 CASSANDRA PALMER, $33,529 PATRICIA CAMPBELL, $32,499 ALAN BURNS, $18,064 REGINA PENNINGTON, $68,222
PART I, LINE 3	A RELATED ORGANIZATION, GENESIS HEALTHCARE SYSTEM, ESTABLISHES COMPENSATION OF THE ORGANIZATION'S CEO THROUGH A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, WRITTEN EMPLOYMENT CONTRACTS, COMPENSATION SURVEY/STUDY, AND APPROVAL BY THE BOARD AND COMPENSATION COMMITTEE

Additional Data

Software ID:
Software Version:
EIN: 31-1480941
Name: GENESIS HEALTHCARE SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
THOMAS DIEHL MD TRUSTEE	(I) (II)	231,438 0	91,075 0	0 0	4,036 0	11,124 0	337,673 0	0 0
ERIC NEWSOM MD TRUSTEE	(I) (II)	466,127 0	0 0	0 0	0 0	15,708 0	481,835 0	0 0
WALTER WIELKIEWICZ MD TRUSTEE	(I) (II)	189,043 0	14,747 0	0 0	23,000 0	12,305 0	239,095 0	0 0
MATTHEW PERRY CHIEF EXEC OFFICER	(I) (II)	609,895 0	55,653 0	0 0	76,534 0	16,696 0	758,778 0	0 0
PAUL MASTERSON CHIEF FINANCIAL OFFICER	(I) (II)	356,975 0	63,761 0	0 0	49,819 0	17,857 0	488,412 0	0 0
RICHARD HELSPER CHIEF OPER OFFICER	(I) (II)	355,641 0	42,516 0	0 0	1,871 0	2,020 0	402,048 0	0 0
CASSANDRA PALMER CHIEF HR OFFICER (THRU AUGUST)	(I) (II)	268,850 0	46,967 0	0 0	250,691 0	14,826 0	581,334 0	198,081 0
EDMOND ROMITO CHIEF INFOR OFFICER	(I) (II)	269,224 0	45,550 0	0 0	7,973 0	14,440 0	337,187 0	0 0
ALAN BURNS CHIEF DEVELOPMENT OFFICER	(I) (II)	309,939 0	48,785 0	0 0	41,831 0	13,811 0	414,366 0	0 0
PATRICIA CAMPBELL CHIEF NURSING OFFICER (THRU AUGUST)	(I) (II)	269,373 0	45,524 0	0 0	229,246 0	12,538 0	556,681 0	177,677 0
REGINA PENNINGTON CHIEF QUALITY OFFICER	(I) (II)	210,035 0	39,524 0	0 0	68,222 0	17,431 0	335,212 0	0 0
DANIEL SCHEERER MD CHIEF MEDICAL AFFAIRS OFFI	(I) (II)	275,117 0	49,557 0	0 0	2,550 0	14,045 0	341,269 0	0 0
ABBY NGUYEN DIRECTOR OF NURSING AND CL	(I) (II)	156,322 0	6,576 0	0 0	4,638 0	18,331 0	185,867 0	0 0
DIANNA LEVECK DIRECTOR OF HUMAN RESOURCE	(I) (II)	171,677 0	7,010 0	0 0	5,002 0	12,108 0	195,797 0	0 0
CHARLES ADAMS JR DIRECTOR OF LEAN SIGMA	(I) (II)	123,303 0	31,874 0	0 0	1,250 0	11,970 0	168,397 0	0 0
RAY RYMAN CLINICAL PHARMACIST	(I) (II)	145,843 0	942 0	0 0	9,546 0	12,701 0	169,032 0	0 0
GREGORY PETE HAMILTON DIRECTOR OF PHARMACY SERVI	(I) (II)	135,600 0	7,528 0	0 0	11,193 0	16,673 0	170,994 0	0 0
MICHAEL NORMAN DIRECTOR OF FIN AND REIMB SVCS	(I) (II)	127,704 0	14,116 0	0 0	0 0	10,160 0	151,980 0	0 0
SHARON PARKER DIRECTOR OF CANCER SERVICES	(I) (II)	146,063 0	6,982 0	0 0	3,844 0	15,384 0	172,273 0	0 0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	MUSKINGUM COUNTY OHIO HOSPITAL FACILITIES REVENUE BONDS			05-09-2013	295,000,000			X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	46,879,891			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	295,000,000			
4	Gross proceeds in reserve funds	18,019,125			
5	Capitalized interest from proceeds	27,255,403			
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	5,148,223			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	197,697,358			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2016			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X						

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %							
6	Total of lines 4 and 5	0 %							
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X						

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by 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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JOK COMPANY INC	BOARD MEMBER, ROBERT KESSLER, IS A PARTNER OF JOK COMPANY, INC	137,004	LEASE PAYMENTS ON OFFICE SPACE		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3	
FORM 990, PART VI, SECTION A, LINE 6	FRANCISCAN SISTERS OF CHRISTIAN CHARITY SPONSORED MINISTRIES, INC , AND BETHESDA CARE SYST EM (OR THEIR RESPECTIVE SUCCESSORS AN ASSIGNS) ARE THE MEMBERS OF THE ORGANIZATION
FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBERS OF THE FILING ORGANIZATION, HAVE THE RIGHT TO ELECT OR APPOINT ONE OR MORE MEM BERS OF THE ORGANIZATION'S GOVERNING BODY, WHETHER PERIODICALLY, OR AS VACANCIES ARISE, OR OTHERWISE
FORM 990, PART VI, SECTION A, LINE 7B	THE MEMBERS OF THE FILING ORGANIZATION, HAVE THE RIGHT TO APPROVE OR RATIFY DECISIONS OF T HE ORGANIZATION'S GOVERNING BODY SUCH AS APPROVAL OF THE GOVERNING'S BODY'S DECISION TO DI SSOLVE THE ORGANIZATION
FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS REVIEWED IN ITS ENTIRETY BY THE CFO AN OVERVIEW OF THE 990 IS REVIEWED WITH TH E EXECUTIVE COMMITTEE AND KEY SCHEDULES ARE REVIEWED WITH THE BOARD OF TRUSTEES PRIOR TO F ILING THE RETURN
FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY STATES THAT BOARD MEMBERS AND OFFICERS HAVE A DUTY TO GOVE RN HONESTLY AND ECONOMICALLY ALL POTENTIAL CONFLICTS OF INTEREST MUST BE DISCLOSED TO THE BOARD OF DIRECTORS AND THE BOARD WILL DETERMINE IF A CONFLICT EXISTS AND APPROPRIATE PROC EDURES TO MITIGATE THE SITUATION, SUCH AS ALTERNATIVE TRANSACTIONS AND PARTICIPATION AND V OTING RESTRICTIONS THE COMPLIANCE OFFICER MONITORS AND ENFORCES THESE POLICIES ALL OFFIC ERS AND DIRECTORS REVIEW AND SIGN A CONFLICT OF INTEREST DISCLOSURE STATEMENT ANNUALLY
FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION OF THE CEO IS MANAGED THROUGH A THIRD PARTY THAT IS A NATIONALLY RECOGNIZ ED FIRM SPECIALIZING IN COMPENSATION BENCHMARKING AND ANALYSIS THE FIRM IS RECOGNIZED FOR THEIR EXPERTISE IN EVALUATING TOTAL COMPENSATION AT THE EXECUTIVE LEVEL THIS FIRM PRESEN TS THEIR RECOMMENDATIONS AND ANALYSIS TO THE COMPENSATION COMMITTEE, WHICH IS MADE UP OF I NDEPENDENT MEMBERS OF THE GENESIS BOARD OF DIRECTORS THE COMMITTEE IS RESPONSIBLE FOR MAK ING A RECOMMENDATION TO THE BOARD OF DIRECTORS REGARDING THE EXECUTIVE COMPENSATION POLICY AND SPECIFIC COMPONENTS OF THE TOTAL COMPENSATION OF THE CEO THE CEO IS ACTIVELY INVOLVE D IN THE REVIEW, ANALYSIS AND RECOMMENDATION RELATED TO THE TOTAL COMPENSATION FOR THE REM AINING MEMBERS OF THE SENIOR LEADERSHIP TEAM THE CEO DETERMINES THE COMPENSATION OF THE S ENIOR LEADERSHIP TEAM MEMBERS WITHIN THE PARAMETERS ESTABLISHED BY THE COMPENSATION COMMIT TEE THIS COMPENSATION PROCESS WAS LAST COMPLETED IN 2013
FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND CONSOLIDATED FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST
FORM 990, PART XI, LINE 9	LOSS IN FAIR VALUE OF PERPETUAL TRUST 16,302,602 PLEDGE RECEIVABLE FROM RELATED PARTY -16 ,499,531 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT 61,113 OHIO INTEGRATED CAR E PROVIDERS, LLC -56
FORM 990, PART XII, LINE 2C	THE FINANCE COMMITTEE OVERSEES THE AUDIT OF THE FINANCIAL STATEMENTS AND IS INVOLVED IN TH E SELECTION OF THE INDEPENDENT ACCOUNTANT WHICH COMPLETES THE AUDIT THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR
FORM 990, PAGE 1, LINE H(D)	THIS IS THE PARENT RETURN FOR A GROUP GENESIS HEALTHCARE SYSTEM GROUP RETURN, EIN 31-1773259
PART VI, SECTION B, LINE 16B	ALTHOUGH THE ORGANIZATION DOES NOT HAVE A WRITTEN POLICY REGARDING JOINT VENTURES, LEGAL C OUNSEL EVALUATES EACH VENTURE IN ADVANCE AND THE BOARD MUST APPROVE CURRENTLY GENESIS HEA LTHCARE SYSTEM IS INVOLVED IN ONE JOINT VENTURE, OF WHICH IT OWNS 50%

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317047554

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
GENESIS HEALTHCARE SYSTEM

Employer identification number
31-1480941

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) ZANESVILLE SURGERY CENTER 2907 BELL STREET ZANESVILLE, OH 43701 31-1620813	SURGICAL CENTER	OH	0	0	GENESIS HEALTHCARE SYSTEM
(2) OHIO INTEGRATED CARE PROVIDERS LLC 2951 MAPLE AVE ZANSVILLE, OH 43701 46-1795662		OH	-56	94	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) CARELIFE LLC 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1128717	FITNESS CENTER, CHILDCARE SVCS, PHARMACY, DME	OH	GENESIS HEALTHCARE SYSTEM	C	-24,939,915	27,465,520	100 000 %	Yes	
(2) SOUTHEAST OHIO MEDICAL INSURANCE COMPANY FIRST CARIBBEAN HOUSE GEORGE TOWN, CAYMAN ISLANDS CJ 98-0436356	CAPTIVE INSURANCE COMPANY	CJ	GENESIS HEALTHCARE SYSTEM	C		17,520,053	100 000 %	Yes	

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 31-1480941
Name: GENESIS HEALTHCARE SYSTEM

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) GENESIS HEALTHCARE FOUNDATION 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1629304	FUNDRAISING FOR GHS	OH	501(C)(3)	3	GENESIS HEALTHCARE SYSTEM	Yes	
(1) GOOD SAMARITAN MEDICAL CENTER FOUNDATION 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-0969646	FUNDRAISING FOR GHS	OH	501(C)(3)	3	GENESIS HEALTHCARE FOUNDATION	Yes	
(2) BETHESDA HOSPITAL FOUNDATION 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-0885513	FUNDRAISING FOR GHS	OH	501(C)(3)	3	GENESIS HEALTHCARE FOUNDATION	Yes	
(3) FRANCISCAN SISTERS OF CHRISTIAN CHARITY 2951 MAPLE AVENUE ZANESVILLE, OH 43701 39-1530622	SPONSOR OF GHS	WI	501(C)(3)	7	N/A	Yes	
(4) GOOD SAMARITAN MEDICAL CENTER 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-4379479	MAINTAINS REAL ESTATE TITLE FOR HOSPITAL	OH	501(C)(3)	3	GENESIS HEALTHCARE SYSTEM	Yes	
(5) BETHESDA CARE SYSTEM 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1067174	SPONSOR OF GHS	OH	501(C)(3)	9	GENESIS HEALTHCARE SYSTEM	Yes	
(6) BETHESDA HOSPITAL ASSOCIATION 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-4380038	MAINTAINS REAL ESTATE TITLE FOR HOSPITAL	OH	501(C)(3)	11C	GENESIS HEALTHCARE SYSTEM	Yes	
(7) ALTERNACARE 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1487187	STERILIZATIONS	OH	501(C)(3)	3	BETHESDA CARE SYSTEM	Yes	
(8) CARESERVE 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1099924	FORMERLY OPERATED 2 NURSING HOMES THAT WERE SOLD PRIOR TO 2012	OH	501(C)(3)	3	GENESIS HEALTHCARE SYSTEM	Yes	
(9) COMMUNITY AMBULANCE SERVICE 2951 MAPLE AVENUE ZANESVILLE, OH 43701 34-1773323	AMBULANCE SERVICE	OH	501(C)(3)	9	GENESIS HEALTHCARE SYSTEM	Yes	
(10) GENESIS CAREGIVERS 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1282152	2 NURSING HOMES & HOME CARE SERVICES	OH	501(C)(3)	3	CARESERVE	Yes	
(11) BETHESDA HOSPITALITY SHOP 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-6050713	GIFT SHOP	OH	501(C)(3)	3	GENESIS HEALTHCARE SYSTEM	Yes	
(12) GENESIS PROFESSIONAL CORPORATION 2951 MAPLE AVENUE ZANESVILLE, OH 43701 31-1599754	PHYSICIAN PRACTICES	OH	501(C)(3)	3	GENESIS HEALTHCARE SYSTEM	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
CARELIFE LLC	O	3,665,030	ACCRUAL TRANSACTION
CARELIFE LLC	S	521,316	ACCRUAL TRANSACTION
CARELIFE LLC	R	421,936	ACCRUAL TRANSACTION
CARELIFE LLC	L	368,275	ACCRUAL TRANSACTION
CARELIFE LLC	M	1,172,072	ACCRUAL TRANSACTION
GENESIS HEALTHCARE SYSTEM GROUP	Q	232,747	ACCRUAL TRANSACTION
COMMUNITY AMBULANCE SERVICE	M	1,107,474	ACCRUAL TRANSACTION
GENESIS HEALTHCARE SYSTEM GROUP	R	4,616,420	ACCRUAL TRANSACTION
GOOD SAMARITAN MEDICAL CENTER	S	840,000	ACCRUAL TRANSACTION
BETHESDA CARE SYSTEM	E	50,200	ACCRUAL TRANSACTION
BETHESDA HOSPITAL ASSOCIATION	D	263,150	ACCRUAL TRANSACTION
GENESIS HEALTHCARE FOUNDATION	B	55,000	ACCRUAL TRANSACTION
GENESIS HEALTHCARE FOUNDATION	S	3,118,538	ACCRUAL TRANSACTION

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493317047554

TY 2013 Earnings and Profits Other Adjustments Statement

Name: GENESIS HEALTHCARE SYSTEM

EIN: 31-1480941

Description	Amount
AFFILIATED PHYSICIAN PREMIUMS	1,308,729
AFFILIATED PHYSICIAN LOSSES	-44,131
ADMINISTRATIVE EXPENSES	-263,821
UNEARNED PREMIUM RESERVE HAIRCUT	-253,662
INVESTMENT LOSS	-12,023

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493317047554

TY 2013 Itemized Other Current Assets Schedule

Name: GENESIS HEALTHCARE SYSTEM

EIN: 31-1480941

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
SOUTHEAST OHIO MEDICAL INSURANCE COMPANY	98-0436356	INVESTMENTS - SMITH BARNEY	13,596,305	14,521,283
SOUTHEAST OHIO MEDICAL INSURANCE COMPANY	98-0436356	PREPAIDS	7,292	17,658

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493317047554

TY 2013 Other Deductions Schedule

Name: GENESIS HEALTHCARE SYSTEM

EIN: 31-1480941

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
PROFESSIONAL FEES		106,325
MANAGEMENT FEES		52,000
BANK CHARGES		413
MEETING EXPENSES		42,322
GOVERNMENT FEES		14,039
TELEPHONE, CABLE, AND POSTAGE		4,680
FUND MANAGEMENT FEES		26,192
RISK MANAGEMENT FEES		17,500
MISC. FEES		350

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493317047554

TY 2013 Itemized Other Liabilities Schedule

Name: GENESIS HEALTHCARE SYSTEM

EIN: 31-1480941

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
SOUTHEAST OHIO MEDICAL INSURANCE COMPANY	98-0436356	DEPOSIT LIABILITIES	16,875,154	17,367,633
SOUTHEAST OHIO MEDICAL INSURANCE COMPANY	98-0436356	ACCOUNTS PAYABLE AND ACCRUED EXPENSES	16,362	32,420

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493317047554

TY 2013 Other Income Statement

Name: GENESIS HEALTHCARE SYSTEM

EIN: 31-1480941

Description	Foreign Amount	Amount
UNREALIZED GAIN ON INVESTMENTS		713,331
REALIZED LOSS ON INVESTMENTS		28,797

Genesis HealthCare System and Subsidiaries

Consolidated Financial Report
with Additional Information
December 31, 2013

Genesis HealthCare System and Subsidiaries

Contents

plante moran

Plante & Moran, PLLC
Suite 600
65 E State St
Columbus, OH 43215
Tel 614 849 3000
Fax 614 221 3535
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Genesis HealthCare System and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Genesis HealthCare System and Subsidiaries (the "System"), which comprise the consolidated balance sheet as of December 31, 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 Consolidated 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 audit. We did not audit the financial statements of Genesis HealthCare Foundation, a controlled subsidiary, whose statements reflect total assets constituting 9 percent and 14 percent, respectively, of consolidated total assets at December 31, 2013 and 2012, and total excess of revenue over expenses constituting 125 percent and 16 percent, respectively, of consolidated total excess of revenue over expenses for the years then ended. 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 Genesis HealthCare Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. The Genesis HealthCare Foundation was not audited under *Government Auditing Standards*.

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.

To the Board of Directors
Genesis HealthCare System and Subsidiaries

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 HealthCare System and Subsidiaries as of December 31, 2013 and 2012 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Genesis HealthCare System and Subsidiaries. The consolidating balance sheet and consolidating statement of operations and changes in unrestricted net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The consolidating balance sheet and consolidating statement of operations and changes in unrestricted net assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the report of other auditors for the 2013 Genesis HealthCare Foundation financial statements, the consolidating balance sheet and consolidating statement of operations and changes in unrestricted net assets are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014 on our consideration of Genesis HealthCare System and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

March 14, 2014

Genesis HealthCare System and Subsidiaries

Consolidated Balance Sheet

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 21,547,361	$ 17,955,542
Accounts receivable (Note 3)	56,543,775	56,411,809
Pledges receivable (Note 16)	1,148,682	1,126,439
Estimated third-party payor settlements	3,144,517	-
Inventory	9,330,796	9,249,734
Other assets	14,339,079	17,371,761
Total current assets	106,054,210	102,115,285
Assets Limited as to Use (Note 6)	350,307,249	132,495,679
Property and Equipment - Net (Note 7)	152,757,699	112,806,686
Beneficial Interest in Perpetual Trusts	13,971,050	12,868,995
Other Assets		
Pledges receivable (Note 16)	2,381,799	3,452,529
Long-term investments	1,500,919	1,351,930
Other noncurrent assets	10,437,812	7,020,027
Total assets	**$ 637,410,738**	**$ 372,111,131**
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 8)	$ 306,252	$ 3,970,355
Accounts payable	25,528,666	17,721,743
Estimated third-party payor settlements	-	355,961
Accrued liabilities and other:		
Accrued compensation	22,296,337	22,215,128
Other accrued liabilities	7,208,582	1,889,537
Total current liabilities	55,339,837	46,152,724
Long-term Debt - Net of current portion (Note 8)	301,170,648	53,164,279
Fair Value of Interest Rate Swap Agreement (Note 9)	-	2,582,113
Other Liabilities		
Pension and other postretirement obligations (Note 14)	27,868,335	41,035,410
Deferred revenue	6,865,423	7,717,976
Accrued professional liability	8,393,679	7,651,542
Total liabilities	399,637,922	158,304,044
Net Assets		
Unrestricted:		
Net assets	212,443,215	189,611,116
Noncontrolling interest	951,848	871,799
Temporarily restricted	7,043,215	7,761,532
Permanently restricted	17,334,538	15,562,640
Total net assets	237,772,816	213,807,087
Total liabilities and net assets	**$ 637,410,738**	**$ 372,111,131**

Genesis HealthCare System and Subsidiaries

Consolidated Statement of Operations

	Year Ended December 31, 2013	Year Ended December 31, 2012
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	$ 390,343,964	$ 385,156,500
Less provision for bad debts	(33,305,169)	(30,704,607)
Net patient service revenue less provision for bad debts	357,038,795	354,451,893
Pharmacy sales and other	70,519,758	67,561,577
Total unrestricted revenue, gains, and other support	427,558,553	422,013,470
Expenses		
Salaries and wages	182,008,024	175,286,318
Employee benefits and payroll taxes	46,916,917	44,214,812
Operating supplies and expenses	66,286,228	64,385,157
Professional services and consultant fees	6,220,924	6,756,363
Purchased services	42,913,565	38,760,115
Utilities	5,920,817	5,910,049
Repairs, rentals, insurance, and other	33,799,247	32,991,205
Pharmacy cost of goods sold	31,934,703	31,635,776
Depreciation	18,966,592	15,855,728
Interest expense	2,204,265	2,114,315
Total expenses	437,171,282	417,909,838
Operating Income (Loss) Before Accelerated Depreciation	(9,612,729)	4,103,632
Accelerated Depreciation (Note 17)	(3,617,088)	-
Operating Income (Loss) After Accelerated Depreciation	(13,229,817)	4,103,632
Other Income		
Investment income (Note 6)	9,761,238	4,912,609
Loss on refunding of debt	(384,080)	-
Unrealized gains on trading securities (Note 6)	7,503,517	5,399,799
Change in fair value of interest rate swap agreement (Note 9)	61,113	(149,485)
Total other income	16,941,788	10,162,923
Excess of Revenue Over Expenses	3,711,971	14,266,555
Capital Distributions	(684,147)	(797,230)
Pension-related Changes Other than Net Periodic Cost	16,302,602	(3,823,699)
Net Assets Released from Restriction for Capital Equipment	3,581,722	2,360,553
Increase in Unrestricted Net Assets	**$ 22,912,148**	**$ 12,006,179**

Genesis HealthCare System and Subsidiaries

Consolidated Statement of Changes in Net Assets

	Year Ended December 31	
	2013	2012
Unrestricted Net Assets		
Excess of revenue over expenses	$ 3,711,971	$ 14,266,555
Capital distributions	(684,147)	(797,230)
Pension-related changes other than net periodic cost	16,302,602	(3,823,699)
Net assets released from restriction for capital equipment	3,581,722	2,360,553
Increase in Unrestricted Net Assets	22,912,148	12,006,179
Temporarily Restricted Net Assets		
Restricted contributions	2,863,405	6,905,279
Net assets released from restriction for capital equipment	(3,581,722)	(2,360,553)
(Decrease) Increase in Temporarily Restricted Net Assets	(718,317)	4,544,726
Permanently Restricted Net Assets - Net unrealized gain in fair value of perpetual trusts	1,771,898	852,264
Increase in Net Assets	23,965,729	17,403,169
Net Assets - Beginning of year	213,807,087	196,403,918
Net Assets - End of year	**$ 237,772,816**	**$ 213,807,087**

Genesis HealthCare System and Subsidiaries

Consolidated Statement of Cash Flows

	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash Flows from Operating Activities		
Increase in net assets	$ 23,965,729	$ 17,403,169
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	22,583,680	15,855,728
Unrealized gains on trading securities	(7,503,517)	(5,399,799)
Net realized gain on investments	(7,463,773)	(2,637,754)
Change in fair value of interest rate swap agreement	(61,113)	149,485
Pension-related changes other than net periodic cost	(16,302,602)	3,823,699
Member contributions	(840,000)	(840,000)
Restricted contributions and contributions for charity care	(2,863,405)	(6,905,279)
Provision for bad debts	33,305,169	30,704,607
Net unrealized gain in fair value of perpetual trusts	(1,771,898)	(852,264)
Changes in assets and liabilities which (used) provided cash:		
Accounts receivable	(33,437,135)	(38,180,768)
Inventory and other assets	(466,165)	(3,718,956)
Pledges receivable	1,048,487	(4,578,968)
Estimated third-party payor settlements	(3,500,478)	2,438,997
Accounts payable	7,806,923	(2,185,125)
Accrued compensation and other	5,400,254	6,736,273
Deferred revenue	(852,553)	(844,634)
Accrued professional liability and pension	3,877,664	1,327,362
Net cash provided by operating activities	22,925,267	12,295,773
Cash Flows from Investing Activities		
Purchase of property and equipment	(62,558,713)	(24,122,560)
Proceeds from sale of property and equipment	24,020	857,526
Purchases of investments and assets limited as to use	(236,311,819)	(21,162,942)
Proceeds from investments and assets limited as to use	33,988,393	18,878,982
Net cash used in investing activities	(264,858,119)	(25,548,994)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(50,157,734)	(3,967,906)
Proceeds from long-term debt	295,000,000	-
Borrowings on revolving credit loan	16,000,000	7,000,000
Proceeds from restricted contributions	2,863,405	6,905,279
Payments on line of credit	(16,500,000)	-
Termination of interest rate swap	(2,521,000)	-
Member contributions	840,000	840,000
Net cash provided by financing activities	245,524,671	10,777,373
Net Increase (Decrease) in Cash and Cash Equivalents	3,591,819	(2,475,848)
Cash and Cash Equivalents - Beginning of year	17,955,542	20,431,390
Cash and Cash Equivalents - End of year	**$ 21,547,361**	**$ 17,955,542**
Supplemental Cash Flow Information		
Cash paid for interest - Net of capitalized interest	$ 1,393,000	$ 2,131,000
Construction payable (property and equipment additions)	8,500,000	-

Note 1 - Nature of Business and Significant Accounting Policies

Organization - Genesis HealthCare System (the "System") is a nonprofit corporation organized under the laws of the State of Ohio to provide and promote healthcare services.

Effective January 1, 1997, Bethesda Care System (Bethesda Care), an Ohio nonprofit corporation, signed an affiliation agreement (the "agreement") with Good Samaritan Medical Center of the Franciscan Sisters of Christian Charity (GSMC), an Ohio nonprofit corporation, and Franciscan Sisters of Christian Charity Sponsored Ministries, Inc., a Wisconsin nonstock, nonprofit corporation (FSCCM), which is the sole corporate member of GSMC. The agreement provided for the creation of Genesis HealthCare System, of which Bethesda Care and FSCCM are 50 percent co-members. The agreement provides for the integration of GSMC and Bethesda Care operations under the System and shall be a community-based healthcare delivery system operating a Catholic and a community hospital and healthcare system.

The System is the sole corporate member of CareServe and its subsidiaries (CareServe), Genesis HealthCare Foundation (the "Foundation"), and Genesis Professional Corporation. In addition, the System owns 100 percent of the stock of CareLife, Inc. and its wholly owned subsidiaries. The System also has a 75 percent member interest in Community Ambulance Service and its subsidiary (CAS).

All rights, titles, and interest of Bethesda Care and GSMC and their nonprofit and for-profit subsidiaries were transferred to the System on January 1, 1997, with the exception of legal title to certain real property comprising substantially all of Bethesda Hospital and GSMC's current campuses, and cash and investments totaling approximately $5,710,000 for each member. Bethesda Care and GSMC have entered into a 70-year lease agreement to lease the nontransferred real property to the System for a nominal amount. Related debt of Bethesda Care and GSMC was transferred to the System effective January 1, 1997. During 2009, both Bethesda Care and GSMC provided member contributions and pledges of funding to the System that totaled $10,200,000. Bethesda provided a member contribution totaling $6,000,000 while GSMC has pledged to contribute a total of $4,200,000 between 2010 and 2014. As of December 31, 2013, the remaining pledged contribution was $840,000.

During 2004, the System established Southeast Ohio Medical Insurance Company, Ltd. (SOMIC), a wholly owned captive insurance company incorporated in the Cayman Islands. Effective August 1, 2004, SOMIC began providing professional liability and related general liability insurance to the System and certain employed health professionals. SOMIC also provides professional liability and related general liability coverage to participating staff physicians.

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

During 2010, the System entered into a joint venture with an Ohio limited liability company (Alternate Solutions Healthcare Central, LLC) to form Zanesville Homecare Ventures, LLC (Genesis Homecare). The System assigned 100 percent of its membership interest to Carelife, LLC. Each member owns 50 percent of Zanesville Homecare Ventures, LLC. The operations of Genesis Homecare are accounted for using the equity method on Carelife, LLC.

The System paid approximately $1,586,700 and $1,455,840 in 2013 and 2012, respectively, to FSCCM for management and support services.

Principles of Consolidation - The consolidated financial statements include all the accounts of the System, including all wholly owned subsidiaries and majority-owned entities. The noncontrolling interest in majority-owned entities on the December 31, 2013 and 2012 consolidated balance sheet represents a 25 percent outside membership interest in CAS. The System consolidated the balance sheets and statements of operations and changes in net assets of CAS. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use.

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility 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 bad debts.

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

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 bad debts 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 in the period they are determined to be uncollectible.

Inventories - Inventories, which consist of medical and office supplies and pharmaceutical products, are stated at cost, determined on a first-in, first-out basis or market.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investments in partnerships and limited liability companies are reported using the equity method of accounting. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law. Substantially all of the System's investments are classified as trading securities due to the investment strategy and investment philosophies used by the System. Investment managers may execute purchases and sales of investments without prior approval of management.

The System invests much of its funds in the FSCCM pooled investment management program. The pooled investment management program primarily invests in cash and cash equivalents, marketable equity securities, corporate and government bonds, mutual funds, common collective funds, fund of funds hedge funds, real estate funds, and private equity funds. Earnings in the pooled investment program are allocated to the participants based upon each participant's weighted average percentage of the pooled investment fund.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the consolidated balance sheet.

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

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate. The discount rate utilized was 1.70 and 1.86 percent for the years ended December 31, 2013 and 2012, respectively. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

Interest Rate Swap - The System entered into an interest rate swap transaction to reduce economic risks associated with variability in cash outflows for interest required under provisions of a variable-rate syndicated loan. Interest rate swaps are recognized as assets or liabilities at fair value. Realized gains and losses on interest rate swaps are classified as a component of income from operations and are presented as part of interest expense in the consolidated statement of changes in net assets. Unrealized changes in the fair value of the interest rate swap are recognized as other income or loss, separate from income from operations. The swap was terminated during 2013 as a result of the refunding of debt.

Beneficial Interest in Perpetual Trusts - The Foundation is the beneficiary of certain funds held in trust by others, which represent resources neither in the possession nor under the control of the Foundation, but held in perpetuity and administered by outside trustees, with the Foundation deriving income from a portion of the assets held in such trusts. The Foundation's interest in perpetual trusts is recorded at the fair market value of the Foundation's interest in the trust and is recorded as an investment held for long-term purposes. The contribution revenue from perpetual trusts is an increase in permanently restricted net assets.

Cash distributions received by these perpetual trusts are reported as investment income in the accompanying consolidated statement of operations. The investment income is reported as increases in temporarily restricted or unrestricted net assets based upon the existence or absence of donor-imposed restrictions.

Changes in the fair market value of the Foundation's portion of the funds held in perpetual trusts are reported in the accompanying consolidated statement of operations as a net unrealized gain or loss in permanently restricted net assets.

Assets Limited as to Use - Assets limited as to use include assets designated by the board of trustees for future capital improvement and assets held by trustees under indenture agreements. The board retains control over assets held for future capital improvements and may, at its discretion, use them for other purposes.

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

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

Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenues received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the System's total operating expenses divided by gross patient service revenue. The System estimates that it provided approximately $9,359,000 and $8,366,000 of services to indigent patients during 2013 and 2012, respectively. The System recorded $2,665,000 and $3,216,000 in net distributions from the Ohio Medicaid HCAP program as revenue during 2013 and 2012, respectively.

Property and Equipment - Property and equipment purchases are recorded at cost or at fair value if acquired by gift. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Professional and Other Liability Insurance - The System accrues an estimate of the ultimate expense, including litigation and settlement expense, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end.

Classification of Net Assets - Net assets of the System are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the System's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

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

Net Patient Service Revenue - The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. 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. Retroactively calculated adjustments arising under reimbursement agreements 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.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance of such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

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). On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources in total was approximately $390,344,000 and $385,157,000 at December 31, 2013 and 2012, respectively. These amounts are made up of amounts from third-party payors of $379,189,000 and $362,103,000, and amounts from self-pay payors of $11,155,000 and $23,054,000 for the years ended December 31, 2013 and 2012, respectively.

Pharmacy Sales and Other Revenue - Revenue primarily comprised of retail pharmacy sales, home infusion services, durable medical equipment sales, revenue from electronic health records incentive payments, and hospital cafeteria sales.

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

Contributions - The System reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restrictions.

The System reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. 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, the System reports the expiration of donor restrictions when the assets are placed in service.

Excess of Revenue Over Expenses - The consolidated statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include net assets released from restrictions for the acquisition of long-lived assets, permanent transfers of assets to and from affiliates for other than goods and services, capital distributions to joint venture partners, and pension-related changes other than net periodic cost.

Use of 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.

Electronic Health Record Technology (EHR) - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The Hospital may receive an incentive payment for up to four years, provided that the Hospital demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenues from the incentive payments are recognized over the EHR reporting period when there is reasonable assurance that the Hospital will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenues as the incentive payments are related to the System's ongoing and central activities, yet not critical to the delivery of patient service.

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

The Sytem attested to Centers for Medicare and Medicaid Services (CMS) that it had met the first stage of meaningful use criteria. The incentive payments were recognized as income for the years ended December 31, 2013 and 2012 within pharmacy sales and other revenue in the amounts of $3,519,000 and $3,420,000, respectivley.

Tax Status - The System and its subsidiaries are tax-exempt organizations, except for CareLife; accordingly, no tax provision is reflected in the consolidated financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the System and to recognize a tax liability if the System has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by the System and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to fiscal year 2010.

Accounting for Conditional Asset Retirement Obligation - *Accounting for Conditional Asset Retirement Obligation* clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. Management has considered the standard, specifically as it related to its legal obligation to report asset retirement activities, such as asbestos removal, on its existing properties. Management 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 significant amount at December 31, 2013.

Sale Leaseback - The System has entered into sale-leaseback arrangements. Under the arrangements, the System sold property and leased it back. The leasebacks have been accounted for as operating leases. The gain on the transactions is deferred and recognized into income in proportion to rental expense over the term of the lease.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including March 14, 2014, which is the date that the consolidated financial statements were available to be issued.

Note 2 - Cash in Excess of Insured Limits

The System and its subsidiaries maintain cash and investment balances at several financial institutions located in the vicinity of Zanesville, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. As of December 31, 2013, the consolidated uninsured cash balances total approximately $16,366,000.

Note 3 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2013	2012
Patient accounts receivable	$133,269,775	$137,675,809
Less:		
Allowance for uncollectible accounts	(12,651,000)	(19,327,000)
Allowance for contractual adjustments	(64,075,000)	(61,937,000)
Net patient accounts receivable	$ 56,543,775	$ 56,411,809

The System grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	Percent	
	2013	2012
Medicare	25 %	28 %
Medicaid	14	9
Commercial insurance and HMOs	50	47
Self-pay	11	16
Total	100 %	100 %

The System's allowance for doubtful accounts for self-pay patients is 76 percent and 52 percent of self-pay accounts receivable at December 31, 2013 and 2012, respectively. In addition, the System's self-pay write-offs were $22,160,000 and $17,117,000 at December 31, 2013 and 2012, respectively. The System revised its charity care policy in January 2013. The System does not maintain a significant allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

Note 4 - Patient Service Revenue

Approximately 57 percent of the System's net patient service revenue is received from the Medicare and Medicaid programs. Subsidiaries of the System have agreements with third-party payors that provide for reimbursement at amounts different from established rates. A summary of the basis of reimbursement with these third-party payors is as follows:

- **Medicare** - Inpatient, acute-care, and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient and home care services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care.
- **Medicaid** - Inpatient, acute-care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge. Capital costs relating to Medicaid patients are paid on a cost reimbursement method. Outpatient and physician services are reimbursed on an established fee-for-service methodology.

The Medicaid payment system in Ohio is a prospective one, whereby rates for the following state fiscal year beginning July 1 are based upon filed cost reports for the preceding calendar year. The continuity of this system is subject to the uncertainty of the fiscal health of the State of Ohio, which can directly impact future rates and the methodology currently in place. Any significant changes in rates, or the payment system itself, could have a material impact on the future Medicaid funding to providers.

- **Other Third-party Payors** - The System has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement to the System under these agreements is discounts from established charges, prospectively determined rates per discharge, and prospectively determined daily rates.
- **Health Maintenance Organizations** - Services rendered to HMO beneficiaries are paid at predetermined rates or at a percentage of system charges.

Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare and HMO programs that are subject to audit by fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 4 - Patient Service Revenue (Continued)

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential significant overpayments. The RAC program began for Ohio in 2009. The System has been contacted by the RAC auditors with several requests. Through examinations thus far, the System has not had any significant overpayments for Medicare. The extent of the liability that may stem from future requests is not expected to have a significant effect on the accompanying consolidated financial statements.

Note 5 - Community Benefit

In support of its mission, the System provides various health-related services, at a loss, to the indigent and other residents in its service area. The following is a summary of the System's community benefit expense:

	2013	2012
Community partnership programs (unaudited)	$ 859,000	$ 280,000
Donations/Contributions (unaudited)	299,000	21,000
Traditional charity care	9,359,000	8,366,000
Unpaid costs for government program patients (unaudited)	20,353,000	16,300,000
Total	$ 30,870,000	$ 24,967,000

Community Partnership Programs - Community partnership programs include programs provided to persons with inadequate healthcare resources or for other groups within the community that need special services and support. Examples include programs related to the poor, elderly, substance abuse, child abuse, and others with specific particular healthcare needs. They also include broader populations who benefit from health community initiatives such as health promotion, education, and health screening.

Donations/Contributions - Donations/Contributions include cash and in-kind donations that are made on behalf of the poor and needy to community agencies and to special funds for charitable activities as well as resources contributed directly to programs, organizations, and foundations for efforts on behalf of the poor and disadvantaged.

Note 5 - Community Benefit (Continued)

Traditional Charity Care - Traditional charity care covers services provided to persons who cannot afford to pay. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. Charity care is determined based on established policies, using patient income and assets to determine payment ability.

Unpaid Costs for Government Program Patients - The System is a licensed Medicare and Medicaid provider with approximately 72 percent of its patient base qualifying for one of these two programs. At present, the reimbursement rates for both programs do not fully cover the cost of provider care to these patients. This represents the estimated shortfall created when a facility receives payments below the costs of treating Medicare and Medicaid beneficiaries.

Note 6 - Assets Limited as to Use

The detail of investments is summarized as follows:

	2013	2012
Assets limited as to use:		
By board of directors for future capital expenditures	$ 95,355,057	$ 84,490,916
Funds held in trust for payment of debt service and capitalized interest	42,831,163	-
Funds held in trust for capital projects	158,693,268	-
Funds received from donors	36,010,164	31,017,253
Funds held for professional and other liability claims	17,417,597	16,987,510
Total assets limited as to use	$350,307,249	$132,495,679

Investments consist of the following:

	2013	2012
Cash equivalents	$ 12,567,874	$ 4,353,801
U.S. government obligations	152,125,916	-
Corporate obligations	40,774,779	-
Alternative investments	18,374,603	16,942,111
Marketable equity securities	5,761,328	6,908,661
Mutual funds	25,347,692	19,800,190
Investment in FSCCM pooled investment management program	95,355,057	84,490,916
Total	$350,307,249	$132,495,679

Note 6 - Assets Limited as to Use (Continued)

Investment income and gains and losses are comprised of the following:

	2013	2012
Investment income and other	$ 2,297,465	$ 2,274,856
Net realized gains on sales of investments	7,463,773	2,637,753
Unrealized investment gains on trading securities	7,503,517	5,399,799
Total	$ 17,264,755	$ 10,312,408

Note 7 - Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows:

	2013	2012	Depreciable Life - Years
Land and land improvements	$ 12,766,865	$ 12,470,635	10-15
Buildings and fixed equipment	119,839,236	120,032,100	7-40
Major movable and minor equipment	196,767,783	188,187,887	3-10
Construction in progress	54,864,905	6,186,639	-
Total cost	384,238,789	326,877,261	
Accumulated depreciation	(231,481,090)	(214,070,575)	
Net property and equipment	$152,757,699	$112,806,686	

The System committed to the completion of a facility renovation and additions project described in Note 17. The total cost of the project will be approximately $212,700,000, which will be funded primarily through the 2013 debt financing. As of December 31, 2013, the remaining commitments on the project total approximately $116,500,000 which includes amounts accrued for at December 31, 2013 of $8,500,000.

Note 8 - Long-term Debt

Long-term debt at December 31, 2013 and 2012 is as follows:

	2013	2012
Muskingum County, Ohio Hospital Facilities Revenue Bonds, Series 2013, Dated May 9, 2013, due February 15, 2048, maturing in various amounts through 2048, with interest due semiannually, with interest rates ranging from 4.0 percent to 5.0 percent	$295,000,000	$ -

Note 8 - Long-term Debt (Continued)

	2013	2012
Genesis HealthCare System note payable to PNC Bank, N.A. dated June 17, 2011, carrying an interest rate equal to LIBOR, plus an applicable margin (1.46 percent at December 31, 2012), refunded with the issue of the Series 2013 bonds	$ -	$ 49,500,000
Genesis HealthCare System revolving credit loan payable to PNC Bank, N.A carrying an interest rate equal to LIBOR, plus an applicable margin (1.46 percent at December 31, 2012), refunded with the issue of the Series 2013 bonds	-	7,000,000
Genesis HealthCare System revolving credit loan payable to various banks carrying an interest rate equal to LIBOR, plus an applicable margin (1.92 percent at December 31, 2013), expiring May 9, 2016 with principal payments due by expiration and interest payments due monthly	6,500,000	-
Other	330,948	634,634
Unamortized bond discount	(354,048)	-
Total	301,476,900	57,134,634
Less current portion	306,252	3,970,355
Long-term portion	$301,170,648	$ 53,164,279

Management estimates that the fair market value of the System's outstanding debt was approximately $249,191,000 and $57,135,000 at December 31, 2013 and 2012, respectively. The determination of fair value of the tax-exempt bond obligations is consistent with a Level 2 measurement under the fair value hierarchy.

In May, 2013, the County of Muskingum, Ohio issued $295,000,000 of tax-exempt bonds on behalf of the Genesis Obligated Group. The bonds were issued to finance the construction of an addition and the related renovations of one of the System's hospital campuses (Bethesda) and refinance outstanding debt. Interest-only payments are required semiannually on the bonds through 2015. The interest rate on the bonds ranges between 4.0 percent and 5.0 percent.

Note 8 - Long-term Debt (Continued)

Also in May, 2013, in conjunction with the issuance of the Series 2013 bonds, the System entered into a revolving credit facility with PNC Bank, N.A. and Huntington Bank. PNC Bank N.A. holds 65 percent of the oustanding balance and Huntington Bank holds the remaining 35 percent. The maximum borrowing capacity is $20,000,000. The System has the ability to choose an interest rate based upon a selection of various market rates at the time the revolving credit loans are drawn upon. At December 31, 2013, there had been $6,500,000 drawn against the revolving credit.

In June 2011, the System refinanced the majority of long-term debt by entering into a Master Credit Agreement with PNC Bank, N.A. as the lead bank. The refinance was undertaken in accordance with the defeasance of the Series 1995, 1996, and 2000 bond issuances, as well as the master equipment loan, and several other outstanding loan agreements. PNC Bank, N.A. held 50 percent of the total outstanding balance, and a total of five banks held the remaining 50 percent. The borrowing carried an interest rate that was tied to LIBOR, plus an applicable margin. The applicable margin as of December 31, 2012 was 1.25 percent. As described in Note 9, the System entered into an interest rate swap to manage the variability of cash flows associated with variable interest rate. The terms of the swap essentially resulted in a fixed interest rate of 3.16 percent on a portion of the outstanding debt (equal to the notional amount of the interest rate swap). The debt was refunded and the swap terminated as part of the Series 2013 bond issuance.

The System had a revolving credit loan with PNC Bank, N.A. and five other banks in connection with the Master Loan Agreement. The maximum borrowing capacity was $20,000,000 in 2012. The borrowing capacity was split between the banks using the same terms and percentages as used in connection with the Master Loan Agreement. The System has the ability to choose an interest rate that is based upon a selection of various market interest rates at the time the revolving credit loan is drawn upon. At December 31, 2012, there had been $7,000,000 drawn against the revolving credit loan. The loan was paid in full as part of the Series 2013 bond issuance.

The terms of the debt require the System to, among other things, comply with certain financial ratios, restrict additional encumbrances, maintain rates sufficient to meet debt service requirements, and maintain specified net assets.

In 2013, the System paid interest of $10,072,000, of which $7,868,000 was capitalized, which is net of $297,000 of interest income on unspent bond proceeds. In 2012, the System paid interest of $2,114,000, of which $0 was capitalized.

Note 8 - Long-term Debt (Continued)

The System formed an obligated group to accomplish common financing plans. The obligated group is governed by a Master Agreement and is comprised of Genesis HealthCare System, CareServe, CareLife, Inc. and Subsidiaries, and the Genesis HealthCare Foundation (the "Obligated Group"). Each member of the Obligated Group is jointly and severally obligated with respect to substantially all of the debt for the System.

The affiliation agreement (described in Note 1) also established a credit enhancement and line of credit agreement. In addition, the credit enhancement and line of credit agreement provide that the System could loan or provide credit support to FSCCM up to certain specified limits. Such loans cannot exceed 25 percent of the debt capacity of the System, as defined in the affiliation agreement ($0 and $63,278,000 at December 31, 2013 and 2012, respectively), and interest is payable based on the Dow Jones Bond Averages, 20 Bond Taxable Index. FSCCM does not anticipate exercising the line of credit in 2014. In lieu of borrowing amounts from the System, FSCCM has the option to seek credit enhancement from the System. The System shall have the option to become a member of FSCCM's obligated group with respect to the proposed borrowing, provide a contractual guaranty with respect to the proposed borrowing, or pay to FSCCM credit enhancement payments with respect to such proposed borrowing for the difference between the credit rating obtained with and without the System as a member of the FSCCM obligated group. No loans or credit support were provided to FSCCM by the System in 2013 or 2012.

Minimum principal payments on long-term debt to maturity as of December 31, 2013 are as follows:

2014		$ 306,252
2015		24,696
2016		9,900,000
2017		3,575,000
2018		3,755,000
Thereafter		284,270,000
	Total	301,830,948
Less unamortized discount		(354,048)
	Total	$301,476,900

Note 9 - Derivative Instruments

In June 2011, the System entered into an interest rate swap agreement with PNC Bank, N.A. in conjunction with the long-term debt refinance. The System's objectives with respect to its use of this derivative instrument included managing the risk of increased debt service resulting from rising long-term interest rates, the risk of decreased surplus returns resulting from falling short-term interest rates, and the management of the risk of an increase in the fair value of outstanding fixed rate obligations resulting from declining market interest rates. Consistent with its interest rate risk management objectives, the System entered into an interest rate swap agreement with a total outstanding notional amount of $37,125,000 at December 31, 2012. Under the terms of the interest rate swap, the System paid a fixed 3.16 percent rate on the notional amount. In return, the System received a rate equal to the one-month LIBOR. At December 31, 2012, this rate was equal to 1.46 percent. As part of the refinancing entered into in May 2013, the System terminated the interest rate swap agreement in exchange for a payment to PNC Bank, N.A. in the amount of $2,521,000.

The following table summarized the fair value of the System's interest rate swap agreement:

	Liability at December 31	
	2013	2012
Derivatives not designated as hedging instruments - Interest rate swap	$ -	$ 2,582,113

Liability derivatives are reported on the consolidated balance sheet as fair value of interest rate swap agreements.

For the years ended December 31, the activity recognized in the consolidated statement of operations attributable to derivative instruments and their locations in the consolidated statement of operations are as follows:

	Activity Recognized at December 31	
	2013	2012
Interest expense	$ 365,457	$ 1,144,518
Change in fair market value of interest rate swap agreement	(61,113)	149,485

Note 10 - Operating Leases

The System is obligated under various operating leases. Total rent expense under these leases was approximately $7,281,000 and $6,961,000 for the years ended December 31, 2013 and 2012, respectively. Future lease payments include additional operating lease costs based on the sale-leaseback agreement that the System entered into during 2010.

The following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year:

Years Ending December 31	Amount
2014	$ 6,265,232
2015	5,467,201
2016	5,109,128
2017	4,155,576
2018	4,100,544
Thereafter	30,109,557
Total	$ 55,207,238

Note 11 - Professional Liability Insurance

Effective August 1, 2004, the System, through SOMIC, maintains a policy of self-insuring its professional liability risks for individual losses up to specified amounts per claim. In addition, the self-insurance plan has specified annual aggregate limits. The System carries commercial insurance coverage for incidents which would exceed coverages specified by the self-insurance program on a claims-made basis.

Because of the nature of its operations, the System is at all times subject to pending and threatened legal actions which arise in the normal course of its activities.

Malpractice and general patient liability claims for incidents which may give rise to litigation have been asserted against the System and attending physicians with insurance coverage provided by SOMIC by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred through December 31, 2013 that may result in the assertion of additional claims. There may be other claims from unreported incidents arising from services provided to patients. The reserve for medical malpractice includes amounts for claims and related legal expenses for these unreported incidents. In 2013 and 2012, the reserve was actuarially determined by combining industry data and the System's historical experience. Accrued malpractice losses have been discounted at 2.00 percent, and in management's opinion, provide an adequate reserve for loss contingencies.

Note 11 - Professional Liability Self-Insurance (Continued)

The System established a trust for the purpose of setting aside assets based on actuarial funding recommendations for claims incurred prior to August 1, 2004. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, related expenses, and the cost of administering the trust.

Note 12 - Functional Expenses

The System provides diversified healthcare services to residents in the southeastern Ohio area. Expenses related to providing these services for the years ended December 31, 2013 and 2012 are approximately as follows:

	2013	2012
Healthcare services	$ 316,089,000	$ 304,239,000
General and administrative	124,699,000	113,671,000
Total	440,788,000	417,910,000
Less accelerated depreciation	(3,617,000)	-
Total	$ 437,171,000	$ 417,910,000

Note 13 - Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of those instruments.

Assets Limited as to Use, Investments, and Beneficial Interest in Perpetual Trusts - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices and equity method accounting which approximates fair value.

Accounts Receivable, Accounts Payable, and Accrued Liabilities - The carrying amount reported in the consolidated balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.

Estimated Cost Report Settlements - Net - The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements - net approximates its fair value.

Long-term Debt - The fair value of the System's bonds is based on current rates at which the System could borrow funds with similar remaining maturities.

Note 13 - Fair Value (Continued)

Interest Rate Swap Agreement - The fair value of the System's interest rate swap agreement is determined based on the terms of the agreement and related market conditions.

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the System has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. The Level 2 inputs used in estimating the fair value of the U.S Government obligations and corporate obligations include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Level 2 inputs used in estimating the fair value of the swap agreement include the notional amount, effective interest rate, and maturity date.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. Significant Level 3 inputs primarily consist of beneficial interest in perpetual trusts and alternative investments, including private equity funds, real estate funds, and fund-of-funds hedge funds.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The System's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the years ended December 31, 2013 and 2012, transfers out of Level 3 into Level 2 were made because these funds had the ability to be redeemed in the near term at net asset value per share (or its equivalent).

The following tables present information about the System's assets and liabilities, held directly by the System, excluding its investment in the pooled investment program, measured at fair value on a recurring basis at December 31, 2013 and 2012 and the valuation techniques used by the System to determine those fair values.

Note 13 - Fair Value (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2013

	Balance at December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets Limited as to Use:				
U.S. Government obligations:				
Federal farm credit	$ 10,530,317	$ -	$ 10,530,317	$ -
Federal home loan	84,485,744	-	84,485,744	-
FNMA	27,247,864	-	27,247,864	-
U.S. Treasury notes	29,861,991	-	29,861,991	-
Corporate obligations	40,774,779	-	40,774,779	-
Marketable equity securities:				
Growth equities	3,430,592	3,430,592	-	-
Value equities	1,622,304	1,622,304	-	-
Exchange-traded notes	708,432	708,432	-	-
Hedge funds and other alternatives:				
Private equity (1)	3,189,716	-	-	3,189,716
Multi-strategy hedge fund (2)	7,381,321	-	5,315,869	2,065,452
Long and short equities hedge fund (3)	2,046,522	-	2,046,522	-
Private real estate (4)	1,227,112	-	-	1,227,112
Managed futures (5)	628,561	-	628,561	-
Event-driven hedge fund (6)	3,901,371	-	-	3,901,371
Mutual funds:				
Index funds	3,299,168	3,299,168	-	-
Value funds	1,702,929	1,702,929	-	-
International funds	4,981,254	4,981,254	-	-
Emerging markets	1,889,608	1,889,608	-	-
Natural resources	540,583	540,583	-	-
Mortgages	1,248,845	1,248,845	-	-
Fixed-income funds	11,685,305	11,685,305	-	-
Beneficial interest in perpetual trusts	13,971,050	-	-	13,971,050
Total assets	$ 256,355,368	$ 31,109,020	$ 200,891,647	$ 24,354,701

Note 13 - Fair Value (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Balance at December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Marketable equity securities:				
Growth equities	$ 5,415,709	$ 5,415,709	$ -	$ -
Core securities	1,112,934	1,112,934	-	-
Value equities	380,018	380,018	-	-
Hedge funds and other alternatives:				
Private equity (1)	3,326,628	-	-	3,326,628
Multi-strategy hedge fund (2)	6,461,757	-	1,651,083	4,810,674
Long and short equities hedge fund (3)	2,227,961	-	-	2,227,961
Private real estate (4)	1,236,691	-	-	1,236,691
Event-driven hedge fund (6)	3,689,075	-	1,507,094	2,181,981
Mutual funds:				
International funds	2,987,001	2,987,001	-	-
Emerging markets	2,165,198	2,165,198	-	-
U.S. equity small-cap value	1,019,002	1,019,002	-	-
Natural resources	542,178	542,178	-	-
Mortgages	1,248,651	1,248,651	-	-
Fixed-income funds	11,838,160	11,838,160	-	-
Beneficial interest in perpetual trusts	12,868,995	-	-	12,868,995
Total assets	$ 56,519,958	$ 26,708,851	$ 3,158,177	$ 26,652,930
Liabilities - Interest rate swap agreement	$ (2,852,113)	$ -	$ (2,852,113)	$ -

(1) Private equity funds broadly diversified across managers, investment stages, geography, industry sectors, and company size.

(2) Multi-strategy hedge funds with broadly diversified multi-advisor, multi-strategy fund of hedge funds utilizing a proprietary portfolio construction methodology that combined a top-down strategy allocation process with comprehensive manager selection, due diligence, and risk management.

(3) A fund of funds with long/short focus. The managers employed by the fund are fundamentally driven, bottoms-up, research-intensive stock pickers who use very little, if any, leverage.

(4) Private real estate funds that invest in private real estate broadly classified as core, value-added, and opportunistic.

Note 13 - Fair Value (Continued)

(5) Managed futures fund engaged in trading a diversified portfolio of commodity interests including futures contracts, options, and forward contracts.

(6) Multiple hedge funds seeking stable returns and appreciation, independent of returns of the overall equity and debt markets by using a variety of strategies but principally employing event-driven strategies.

As described in Note 1, the System participates in the FSCCM's pooled investment program. As of December 31, 2013 and 2012, the System has $95,355,057 and $84,490,916, respectively, of investments at market value in the pool. The fair value of the investment in the pooled investment program is determined based on Level 3 inputs. The underlying investments in the pool program are comprised of assets with valuation techniques that result in 64 percent as Level 1, 25 percent as Level 2, and 11 percent as Level 3 inputs as of December 31, 2013, and 59 percent as Level 1, 26 percent as Level 2, and 15 percent as Level 3 inputs as of December 31, 2012. There were total withdraws of $660,000 in 2013, and total deposits of $840,000 in both 2013 and 2012. The total allocation of pooled earnings was $11,524,141 and $7,845,506 in 2013 and 2012, respectively.

The following table sets forth a summary of the changes in the fair value of the System's Level 3 assets for the years ended December 31, 2013 and 2012.

	Fair Value at January 1, 2013	Net Purchases and Issuances (Sales and Settlements)	Total Realized and Unrealized Gains (Losses)	Net Transfers Into (Out of) Level 3	Fair Value at December 31, 2013
Level 3 Investments					
Alternative investments, including hedge funds and other	$ 13,783,935	$ 3,901,056	$ 210,175	$ (7,511,515)	$ 10,383,651
Beneficial interest in perpetual trusts	12,868,995	-	1,102,055	-	13,971,050
Total Level 3 assets at fair value	$ 26,652,930	$ 3,901,056	$ 1,312,230	$ (7,511,515)	$ 24,354,701

	Fair Value at January 1, 2012	Net Purchases and Issuances (Sales and Settlements)	Total Realized and Unrealized Gains (Losses)	Net Transfers Into (Out of) Level 3	Fair Value at December 31, 2012
Level 3 Investments					
Alternative investments, including hedge funds and other	$ 18,660,075	$ 1,083,490	$ (2,801,453)	$ (3,158,177)	$ 13,783,935
Beneficial interest in perpetual trusts	12,035,007	-	833,988	-	12,868,995
Total Level 3 assets at fair value	$ 30,695,082	$ 1,083,490	$ (1,967,465)	$ (3,158,177)	$ 26,652,930

Within the FSCCM investment pool program and the alternative investments, including hedge funds and others, the fair value of private equity, hedge funds, and real estate alternative investments at December 31, 2013 was determined primarily based on Level 3 inputs. Both the pool and management estimate the fair value of these investments based upon audited and interim unaudited financial statements for the respective funds.

Note 13 - Fair Value (Continued)

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

The FSCCM investment pool and the alternative investments, including hedge funds and others, include shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. The details of fair value, unfunded commitments, and fund strategies are described at length in the financial statements of FSCCM. The System's pro rata share of unfunded commitments at the pool is $3,124,273 as of December 31, 2013 and minimal commitments are outstanding within the alternative investments, including hedge funds and other investments. There are no restrictions on redemption from the pooled investment management program for the System.

Note 14 - Pension and Other Postretirement Benefit Plans

The System maintains a defined benefit pension plan covering substantially all its employees who have completed one year of continuous service as defined by the plan. Benefits paid under the plan are based generally on employees' years of service and compensation levels during employment. The plan requires annual contributions that are sufficient to meet the minimum funding standards of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986.

Effective April 8, 2009, new employees are no longer eligible to participate in the defined benefit plan, but will be eligible to participate in a defined contribution plan in which substantially all employees are eligible. The contributions are based on an employer's matching contribution of an employee's contribution up to a maximum of 60 percent of an employee's 5 percent contribution to the employee plan, based on years of service. For the years ended December 31, 2013 and 2012, the amount of retirement expense for the defined contributions plan was approximately $1,908,000 and $1,678,000, respectively.

The defined benefit plan was amended in 2011. As a result of the amendment, contributions to the plan for participants that were 50 years old and older as of June 30, 2011 were reduced as follows based on years of service.

- Up to five years of service were reduced from 2.25 percent to 2 percent.
- 5-10 years of service were reduced from 3 percent to 2 percent.
- 10 years of service or greater were reduced from 4 percent to 3 percent.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

For participants that were under the age of 50 as of June 30, 2011, benefits were frozen but interest would continue to accrue on the frozen balance.

Obligations and Funded Status

	Pension Benefits	
	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	$100,158,631	$ 89,859,002
Service cost	823,205	818,150
Interest cost	4,179,832	4,416,866
Actuarial (loss) gain	(8,073,732)	8,941,394
Benefits paid	(4,028,430)	(3,876,781)
Projected benefit obligation at end of year	93,059,506	100,158,631
Change in plan assets:		
Fair value of plan assets at beginning of year	60,336,322	55,412,545
Actual return on plan assets	7,731,769	5,752,383
Employer contributions	2,087,933	3,048,175
Benefits paid	(4,028,430)	(3,876,781)
Fair value of plan assets at end of year	66,127,594	60,336,322
Funded status at end of year	$ (26,931,912)	$ (39,822,309)

Included in unrestricted net assets at December 31, 2013 and 2012 are the following amounts that have not yet been recognized in net periodic pension cost:

	Pension Benefits	
	2013	2012
Net loss	$ 23,356,593	$ 39,614,233
Prior service cost	(144,701)	(175,100)
Total included in net assets not yet recognized in net periodic benefit cost	$ 23,211,892	$ 39,439,133

The accumulated benefit obligation for all defined benefit pension plans was $93,032,392 and $100,132,495 at December 31, 2013 and 2012, respectively.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Components of Net Periodic Benefit Cost

	2013	2012
Service cost	$ 823,205	$ 818,150
Interest cost	4,179,832	4,416,866
Expected return on plan assets	(4,111,320)	(4,357,686)
Recognized prior service credit	(30,399)	(30,399)
Recognized actuarial loss	4,563,459	3,691,385
Net periodic benefit cost	$ 5,424,777	$ 4,538,316

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized into net periodic benefit cost over the next fiscal year is $2,664,679.

Assumptions

Weighted Average Assumptions Used to Determine Benefit Obligations at December 31

	Pension Benefits	
	2013	2012
Discount rate	5.00 %	4.25 %
Rate of compensation increase	3.00	3.00

Weighted Average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31

	Pension Benefits	
	2013	2012
Discount rate	4.25 %	5.00 %
Increase in future compensation levels	3.00	3.00
Expected rate of return on plan assets	7.50	8.00

The overall expected rate of return on plan assets represents a weighted average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Pension Plan Assets

The goals of the pension plan investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the System, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits.

The System's overall investment strategy is to achieve a mix of approximately 51 percent equity, 21 percent of investments in fixed income, and 28 percent in alternative investments, with a wide diversification of asset types, fund strategies, and fund managers.

Equity securities primarily include investments in large-cap and mid-cap companies primarily located in the United States, international equities, along with mutual funds. Fixed-income securities include asset management investments that invest in corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Alternative investments include investments in fund of funds hedge funds, real estate funds, and private equity funds that follow several different strategies.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

The fair values of the System's pension plan assets at December 31, 2013 and 2012 by major asset classes are as follows:

Fair Value Measurements at December 31, 2013

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Growth funds	$ 2,420,079	$ 2,420,079	$ -	$ -
Value funds	2,375,529	2,375,529	-	-
Emerging market funds	8,301,286	8,301,286	-	-
S&P Index funds	6,272,851	6,272,851	-	-
Gold funds	688,240	688,240	-	-
Fixed-income investments	1,586,670	1,586,670	-	-
Money market funds	1,260,536	1,260,536	-	-
Bonds and notes:				
U.S. Treasury securities and municipal bonds	1,128,396	-	1,128,396	-
Federal Home Loan Mortgage bonds	2,958,257	-	2,958,257	-
Corporate bonds	7,371,123	-	7,371,123	-
Common stock	13,187,534	13,187,534	-	-
Investments in limited partnerships:				
Long and short equities hedge fund (1)	9,000,000	-	9,000,000	-
Equity and credit market hedge fund (2)	3,437,000	-	3,437,000	-
Event-driven hedge fund (3)	1,364,724	-	1,364,724	-
Managed futures (4)	1,218,000	-	1,218,000	-
Private equity funds (5)	1,600,367	-	-	1,600,367
Real estate funds (6)	1,957,002	-	-	1,957,002
Total	$ 66,127,594	$ 36,092,725	$ 26,477,500	$ 3,557,369

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Fair Value Measurements at December 31, 2012

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Growth funds	$ 2,954,692	$ 2,954,692	$ -	$ -
Value funds	2,948,043	2,948,043	-	-
Emerging market funds	2,947,153	2,947,153	-	-
S&P Index funds	2,489,438	2,489,438	-	-
Gold funds	1,039,680	1,039,680	-	-
Fixed-income investments	5,281,507	5,281,507	-	-
Money market funds	3,085,321	3,085,321	-	-
Bonds and notes:				
U.S. Treasury securities and municipal bonds	540,200	-	540,200	-
Federal Home Loan Mortgage bonds	1,431,332	-	1,431,332	-
Corporate bonds	5,118,035	-	5,118,035	-
Common stock	13,914,660	13,914,660	-	-
Investments in limited partnerships:				
Long and short equities hedge fund (1)	8,570,577	-	8,570,577	-
Equity and credit market hedge fund (2)	3,023,300	-	3,023,300	-
Event-driven hedge fund (3)	1,851,657	-	1,851,657	-
Managed futures (4)	1,525,280	-	1,525,280	-
Private equity funds (5)	1,680,774	-	-	1,680,774
Real estate funds (6)	1,934,673	-	-	1,934,673
Total	$ 60,336,322	$ 34,660,494	$ 22,060,381	$ 3,615,447

(1) Long and short equities hedge fund. A fund of funds with long/short focus. The managers employed by the fund are fundamentally driven, bottoms-up, research-intensive stock pickers who use very little, if any, leverage.

(2) Equity and credit market hedge fund. A fund of funds with a mix of directional and nondirectional strategies that include equity long/short, event-driven, relative-value, and global asset allocation. The managers seek equity-like returns that will capture opportunities in up markets while preserving capital in more difficult markets.

(3) Low-volatility hedge fund. A fund of funds with a low-volatility focus often used as a fixed-income alternative. Managers attempt returns similar to U.S. equities, seek to maintain bond-like volatility, and strive for superior preservation of capital during stock and bond market stress periods.

(4) A managed futures fund engaged in trading a diversified portfolio of commodity interests including futures contracts, options, and forward contracts.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

(5) Three private equity funds broadly diversified across managers, investment stages, geography, industry sectors, and company size.

(6) Investment in private property funds broadly classified as core, value-added, and opportunistic.

The tables above present information about the pension and postretirement benefit plan assets measured at fair value at December 31, 2013 and 2012 and the valuation techniques used by the System to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the System has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

Transfers out of Level 3 into Level 2 in 2012 were made because these funds have the ability to be redeemed in the near term at net asset value per share (or its equivalent).

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each plan asset.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Hedge Funds	Private Equity Funds	Private Real Estate Funds	Total
Beginning balance at December 31, 2012	$ -	$ 1,680,774	$ 1,934,673	$ 3,615,447
Actual return on plan assets:				
Relating to assets still held at the reporting date	-	177,591	82,284	259,875
Relating to assets sold during the period	-	62,139	32,408	94,547
Purchases, sales, and settlements	-	(320,137)	(92,363)	(412,500)
Ending balance at December 31, 2013	$ -	$ 1,600,367	$ 1,957,002	$ 3,557,369

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Hedge Funds	Private Equity Funds	Private Real Estate Funds	Futures Funds	Total
Beginning balance at December 31, 2011	$ 12,970,952	$ 1,642,720	$ 1,842,727	$ 1,652,078	$ 18,108,477
Actual return on plan assets:					
Relating to assets still held at the reporting date	-	79,046	24,446	-	103,492
Relating to assets sold during the period	-	52,389	-	-	52,389
Purchases, sales, and settlements	-	(93,381)	67,500	-	(25,881)
Transfers out of Level 3	(12,970,952)	-	-	(1,652,078)	(14,623,030)
Ending balance at December 31, 2012	$ -	$ 1,680,774	$ 1,934,673	$ -	$ 3,615,447

Cash Flow

Contributions

The System expects to contribute $3,774,000 to its pension plan in 2014.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years Ending December 31	Pension Benefits
2014	$ 3,978,211
2015	4,192,561
2016	4,460,259
2017	4,879,998
2018	5,461,573
2019-2023	30,672,794

Note 15 - Changes in Consolidated Unrestricted Net Assets Attributable to the System and the Noncontrolling Interest

The changes in consolidated unrestricted net assets attributable to the System and the noncontrolling interest were as follows:

	Total	Controlling Interest	Noncontrolling Interest
Balance at December 31, 2011	$ 178,476,736	$ 177,444,181	$ 1,032,555
Excess of revenue over expenses	14,266,555	14,107,511	159,044
Capital distributions	(797,230)	(477,430)	(319,800)
Pension-related changes other than net periodic cost	(3,823,699)	(3,823,699)	-
Net assets released from restriction for capital equipment	2,360,553	2,360,553	-
Balance at December 31, 2012	190,482,915	189,611,116	871,799
Excess of revenue over expenses	3,711,971	3,520,922	191,049
Capital distributions	(684,147)	(573,147)	(111,000)
Pension-related changes other than net periodic cost	16,302,602	16,302,602	-
Net assets released from restriction for capital equipment	3,581,722	3,581,722	-
Balance at December 31, 2013	$ 213,395,063	$ 212,443,215	$ 951,848

Note 16 - Pledges Receivable

Amounts included in pledges receivable for unconditional promises to give at December 31 are as follows:

	2013	2012
Gross amounts due as of December 31 in:		
Less than one year	$ 1,217,874	1,161,517
Two to five years	2,560,008	3,706,679
More than five years	48,368	59,913
Allowance for uncollectible pledges	(217,383)	(148,701)
Discount to present value	(78,386)	(200,440)
Total pledges receivable - Net	$ 3,530,481	$ 4,578,968

Note 17 - Future Facility Plan

In early 2013, the System approved the development of a long-term facility plan. In order to implement this plan, the System issued $295 million of fixed rate 30-year taxable bonds in May 2013 to fund approximately $160 million for an addition and related renovation to one of the System's hospital campuses (Bethesda). This facility plan also provides for the future demolition of the main hospital building on the System's other hospital campus (Good Samaritan). Future inpatient hospital services will be provided solely on the current Bethesda campus. Additional proceeds from the bond issuance will be used to fund approximately $40 million of capital equipment purchases related to the System's facility plan, and refinance certain long-term debt and related interest during the construction period.

As a result of the implementation of the plan described above, the System reduced the estimate of the useful life of the Good Samaritan building. As a result of this change in estimate, the System recognized $3,617,088 of accelerated depreciation for the year ended December 31, 2013.

Additional Information

Genesis HealthCare System and Subsidiaries

Consolidating Balance Sheet
December 31, 2013

	Obligated Group						Nonobligated Group			
	Genesis HealthCare System	CareServe	CareLife, Inc. and Subsidiaries	Genesis HealthCare Foundation	Obligated Eliminating Entries	Total Obligated Group	Community Ambulance Service	Southeast Ohio Medical Insurance Company Ltd	Eliminating Entries	Total
Assets										
Current Assets										
Cash and cash equivalents	$ 10,490,098	$ 342,487	$ 7,094,665	$ 2,848,794	$ -	$ 20,776,044	$ 686,520	$ 84,797	$ -	$ 21,547,361
Accounts receivable	43,583,596	209,616	11,585,179	-	-	55,378,391	1,218,218	14,771	(67,605)	56,543,775
Pledges receivable	-	-	-	1,148,682	-	1,148,682	-	-	-	1,148,682
Estimated third-party payor settlements	3,144,517	-	-	-	-	3,144,517	-	-	-	3,144,517
Inventory	5,138,075	-	4,190,028	-	-	9,328,103	2,693	-	-	9,330,796
Other assets	24,916,109	5,663	1,249,527	1,697,496	(2,870,014)	24,998,781	1,122,484	17,658	(11,799,844)	14,339,079
Total current assets	87,272,395	557,766	24,119,399	5,694,972	(2,870,014)	114,774,518	3,029,915	117,226	(11,867,449)	106,054,210
Assets Limited as to Use	294,695,997	962,574	327,778	36,010,164	-	331,996,513	893,138	17,417,598	-	350,307,249
Property and Equipment - Net	145,724,442	17,752	5,112,293	303,523	-	151,158,010	1,599,689	-	-	152,757,699
Beneficial Interest in Perpetual Trusts	-	-	-	13,971,050	-	13,971,050	-	-	-	13,971,050
Other Assets										
Pledges receivable	-	-	-	2,381,799	-	2,381,799	-	-	-	2,381,799
Long-term investments	4,410,256	-	431,819	-	-	4,842,075	-	-	(3,341,156)	1,500,919
Other noncurrent assets	10,325,588	-	112,224	-	-	10,437,812	-	-	-	10,437,812
Total assets	**$ 542,428,678**	**$ 1,538,092**	**$ 30,103,513**	**$ 58,361,508**	**$ (2,870,014)**	**$ 629,561,777**	**$ 5,522,742**	**$ 17,534,824**	**$ (15,208,605)**	**$ 637,410,738**

Genesis HealthCare System and Subsidiaries

Consolidating Balance Sheet (Continued)
December 31, 2013

	Obligated Group						Nonobligated Group			
	Genesis HealthCare System	CareServe	CareLife, Inc. and Subsidiaries	Genesis HealthCare Foundation	Obligated Eliminating Entries	Total Obligated Group	Community Ambulance Service	Southeast Ohio Medical Insurance Company, Ltd	Eliminating Entries	Total
Liabilities and Net Assets										
Current Liabilities										
Current portion of long-term debt	$ 258,874	$ -	$ -	$ -	$ -	$ 258,874	$ 47,378	$ -	$ -	$ 306,252
Accounts payable	19,766,076	3,922	5,815,384	23,651	-	25,609,033	118,213	7,422	(206,002)	25,528,666
Accrued liabilities and other										
Accrued compensation	15,016,840	53,710	7,068,718	-	-	22,139,268	157,069	-	-	22,296,337
Other accrued liabilities	6,396,053	148,838	2,741,901	-	(2,870,014)	6,416,778	1,214,837	11,238,414	(11,661,447)	7,208,582
Total current liabilities	41,437,843	206,470	15,626,003	23,651	(2,870,014)	54,423,953	1,537,497	11,245,836	(11,867,449)	55,339,837
Long-term Debt - Net of current portion	301,145,952	-	-	-	-	301,145,952	24,696	-	-	301,170,648
Other Liabilities										
Pension and postretirement obligations	27,868,335	-	-	-	-	27,868,335	-	-	-	27,868,335
Deferred revenue	6,865,423	-	-	-	-	6,865,423	-	-	-	6,865,423
Accrued professional liability	2,224,691	-	-	-	-	2,224,691	-	6,168,988	-	8,393,679
Total liabilities	379,542,244	206,470	15,626,003	23,651	(2,870,014)	392,528,354	1,562,193	17,414,824	(11,867,449)	399,637,922
Net Assets										
Unrestricted:										
Net assets	162,886,434	1,331,622	14,477,510	33,960,104	-	212,655,670	3,008,701	120,000	(3,341,156)	212,443,215
Noncontrolling Interest	-	-	-	-	-	-	951,848	-	-	951,848
Temporarily restricted	-	-	-	7,043,215	-	7,043,215	-	-	-	7,043,215
Permanently restricted	-	-	-	17,334,538	-	17,334,538	-	-	-	17,334,538
Total liabilities and net assets	**$ 542,428,678**	**$ 1,538,092**	**$ 30,103,513**	**$ 58,361,508**	**$ (2,870,014)**	**$ 629,561,777**	**$ 5,522,742**	**$ 17,534,824**	**$ (15,208,605)**	**$ 637,410,738**

Genesis HealthCare System and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Year Ended December 31, 2013

	Obligated Group						Nonobligated Group			
	Genesis HealthCare System	CareServe	CareLife, Inc. and Subsidiaries	Genesis HealthCare Foundation	Obligated Eliminating Entries	Total Obligated Group	Community Ambulance Service	Southeast Ohio Medical Insurance Company, Ltd.	Eliminating Entries	Total
Unrestricted Revenue, Gains, and Other Support										
Net patient service revenue	$ 335,964,098	$ 641,035	$ 47,447,398	$ -	$ -	$ 384,052,531	$ 6,291,433	$ -	$ -	$ 390,343,964
Less provision for bad debts	(27,997,179)	(1,317)	(4,892,628)	-	-	(32,891,124)	(414,045)	-	-	(33,305,169)
Net patient service revenue less provision for bad debts	307,966,919	639,718	42,554,770	-	-	351,161,407	5,877,388	-	-	357,038,795
Pharmacy sales and other	16,649,012	2,146,791	55,082,551	601,897	(5,130,677)	69,349,574	222,809	2,211,273	(1,263,898)	70,519,758
Total unrestricted revenue, gains, and other support	324,615,931	2,786,509	97,637,321	601,897	(5,130,677)	420,510,981	6,100,197	2,211,273	(1,263,898)	427,558,553
Expenses										
Salaries and wages	116,809,699	1,761,804	61,052,365	344,768	-	179,968,636	2,039,388	-	-	182,008,024
Employee benefits and payroll taxes	39,288,073	192,943	6,537,453	-	(109,559)	45,908,910	1,008,007	-	-	46,916,917
Operating supplies and expenses	64,205,886	31,729	2,186,960	7,074	(595,077)	65,836,572	449,656	-	-	66,286,228
Professional services and consultant fees	8,898,315	400	864,388	-	(3,560,512)	6,202,591	18,333	-	-	6,220,924
Purchased services	28,516,837	40,478	15,034,700	90,729	(434,713)	43,248,031	694,295	158,325	(1,187,086)	42,913,565
Utilities	5,131,178	9,582	689,898	3,588	-	5,834,246	81,891	4,680	-	5,920,817
Repairs, rentals, insurance, and other	25,096,834	91,428	5,528,742	521,991	(45,300)	31,193,695	634,096	2,048,268	(76,812)	33,799,247
Pharmacy cost of goods sold	-	-	32,183,635	-	(378,633)	31,805,002	129,701	-	-	31,934,703
Depreciation	17,579,504	152,606	852,944	11,201	-	18,596,255	370,337	-	-	18,966,592
Interest expense	2,193,237	-	12,528	-	(6,883)	2,198,882	5,383	-	-	2,204,265
Total expenses	307,719,563	2,280,970	124,943,613	979,351	(5,130,677)	430,792,820	5,431,087	2,211,273	(1,263,898)	437,171,282
Operating Income Before Accelerated Depreciation	16,896,368	505,539	(27,306,292)	(377,454)	-	(10,281,839)	669,110	-	-	(9,612,729)
Accelerated Depreciation	(3,617,088)	-	-	-	-	(3,617,088)	-	-	-	(3,617,088)
Operating Income After Accelerated Depreciation	13,279,280	505,539	(27,306,292)	(377,454)	-	(13,898,927)	669,110	-	-	(13,229,817)
Other Income										
Investment income	6,827,580	62,564	(1,751)	2,817,571	-	9,705,964	55,274	-	-	9,761,238
Loss on refunding of debt	(384,080)	-	-	-	-	(384,080)	-	-	-	(384,080)
Unrealized gains on trading securities	5,177,712	53,209	30,983	2,201,802	-	7,463,706	39,811	-	-	7,503,517
Change in fair value of interest rate swap agreement	61,113	-	-	-	-	61,113	-	-	-	61,113
Total other income (loss)	11,682,325	115,773	29,232	5,019,373	-	16,846,703	95,085	-	-	16,941,788
Excess of Revenue Over (Under) Expenses	24,961,605	621,312	(27,277,060)	4,641,919	-	2,947,776	764,195	-	-	3,711,971
Capital Distributions	-	-	-	-	-	-	(444,000)	-	(240,147)	(684,147)
Transfer (to) from Affiliate	(16,499,531)	(4,616,420)	24,467,236	(3,351,285)	-	-	-	-	-	-
Pension-related Changes Other than Net Periodic Cost	16,302,602	-	-	-	-	16,302,602	-	-	-	16,302,602
Net Assets Released from Restriction for Capital Equipment	-	-	-	3,581,722	-	3,581,722	-	-	-	3,581,722
Increase (Decrease) in Unrestricted Net Assets	**$ 24,764,676**	**$ (3,995,108)**	**$ (2,809,824)**	**$ 4,872,356**	**$ -**	**$ 22,832,100**	**$ 320,195**	**$ -**	**$ (240,147)**	**$ 22,912,148**

plante moran

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Genesis HealthCare System and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Genesis HealthCare System and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated March 14, 2014. Our report includes a reference to other auditors who audited the financial statements of Genesis HealthCare Foundation, as described in our report on the Genesis HealthCare System and Subsidiaries' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Genesis HealthCare Foundation were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Genesis HealthCare System and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of financial statement audit findings that we consider to be significant deficiency. See Finding 2013-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Genesis HealthCare System and Subsidiaries' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Genesis HealthCare System and Subsidiaries' Response to Findings

Genesis HealthCare System and Subsidiaries' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 14, 2014

Section II - Financial Statement Audit Findings

Reference Number	Finding
2013-001	**Finding Type** - Significant deficiency **Criteria** - System programmers should not have access to change source code in the Infinium General Ledger application (Infinium). **Condition** - There are programmers with access to change source code in Infinium. **Context** - There were no documented instances that indicate unauthorized changes were made. **Cause** - There is no process in place to verify that changes made by programmers are reviewed by a separate party. **Effect** - The lack of segregation of duties could result in an unauthorized change to the source code, which could affect financial reporting. **Recommendation** - We suggest that a formal process that includes the systematic/automatic logging of changes to source code is implemented. The changes should be tracked and reviewed on a timely basis, including an audit trail of the review, to ensure that all changes made to the system are valid and appropriate. **Views of Responsible Officials and Planned Corrective Actions** - Genesis understands the importance of controlling access to source code and providing a comprehensive change control process related to source code for the Infinium application. Genesis has made progress as there is a strong and auditable change control process in place, which mitigates some, but not all, of the risks outlined above. Genesis has explored options to provide additional control while working with the constraints of the Legacy software system. Genesis strives to follow industry leading ITIL and COBIT standards and takes the control of source code and control of production IT systems very seriously. Genesis will continue to work to implement additional controls to build additional source code control points for the Infinuim system. Genesis does have plans to replace its ERP application suite within the next few years. This will bring additional functions and features as well as new source code control features that reflect best industry practice.