Genesis Health System and Related Organizations

Consolidated Financial Report
June 30, 2013

Contents

McGladrey

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member of the RSM International network of independent accounting, tax and consulting firms.

Opinion

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

Emphasis of Matter

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

Other Matter

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

McGladrey LLP

Davenport, Iowa
October 18, 2013

Genesis Health System
and Related Organizations

Consolidated Balance Sheets
June 30, 2013 and 2012

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

See Notes to Consolidated Financial Statements.

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

Genesis Health System
and Related Organizations

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

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

See Notes to Consolidated Financial Statements.

Genesis Health System
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Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2013 and 2012

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

See Notes to Consolidated Financial Statements.

Genesis Health System
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Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

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

(Continued)

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

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

See Notes to Consolidated Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

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

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

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

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

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

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

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

GHS Iowa and GHS Illinois operate the following business units:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Significant accounting policies:

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

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

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

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

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

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

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

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

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

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

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

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

Third-party payor	$ 478,316,171
Self-pay	70,387,215
	$ 548,703,386

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2. Net Patient Service Revenue

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

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

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

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

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

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

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

Note 2. Net Patient Service Revenue (Continued)

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

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

Note 3. Charity Care and Community Service

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

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

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

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

Note 3. Charity Care and Community Service (Continued)

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

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

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

Note 4. Receivables

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

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

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

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

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

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

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

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

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

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

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

Note 6. Investments and Fair Value Measurements

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

The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 2 investments also include market alternatives, measured using the practical expedient, that do not have any significant redemption restrictions, lock ups, gates or other characteristics that would cause liquidation and report date NAV to be significantly different.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

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

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

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

Note 6. Investments and Fair Value Measurements (Continued)

Assets recorded at fair value on a recurring basis:

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

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

Note 6. Investments and Fair Value Measurements (Continued)

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

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

Note 6. Investments and Fair Value Measurements (Continued)

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

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

(A) PIMCO Cayman U.S. Total Return Fund is an open-end investment fund incorporated in the Cayman Islands. The Fund's objective is maximum total return, consistent with preservation of capital and prudent investment management. The System has used the NAV as the practical expedient to measure fair value.

(B) The JP Morgan Core Bond Trust fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate and long-term debt securities. The System has used the NAV as the practical expedient to measure fair value.

(C) JP Morgan U.S. Aggregate Bond Fund is an open-end investment fund incorporated in Luxembourg. The Fund's objective is to achieve return in excess of U.S. bond markets by investing primarily in U.S. fixed and floating rate debt securities. The System has used the NAV as the practical expedient to measure fair value.

Note 7. Property and Equipment

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

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

(A) Land and land improvements include assets under capital lease as of June 30, 2013 and 2012 of $1,153,678.

(B) Buildings include assets under capital lease as of June 30, 2013 and 2012 of $22,272,145.

(C) Equipment includes assets under capital lease as of June 30, 2013 and 2012 of $2,111,214.

Note 8. Long-Term Debt and Pledged Assets

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

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

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

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

(B) The lease is due in monthly installments of $122,135, including interest at 7.68% with final payment due in March 2016. The lease is secured by equipment. The depreciated cost of the equipment under this capital lease is approximately $2,662,000 as of June 30, 2013.

(C) GMC – Illini leases its land, land improvements and buildings from Illini Hospital District, a related party, under a capital lease agreement which requires payment in an amount sufficient to pay all principal and interest on outstanding Series 2010 general obligation bonds (alternative revenue source).

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

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

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

(D) Genesis Health System – Iowa, Genesis Health System – Illinois, Genesis Medical Center – Aledo and Genesis Senior Living - Aledo, collectively, represent the Obligated Group on the revenue bond obligations.

(E) GenVentures' bank note is due in monthly payments of $10,200, including interest at a variable rate, 6.95% as of June 30, 2013, through August 2016, secured by building and land. Under this agreement, GenVentures is required to maintain certain restrictive covenants including a minimum tangible net worth and a minimum debt service coverage ratio.

(F) LCP has a $1,500,000 line of credit with a bank, which had no amounts outstanding as of June 30, 2013 and expires in March 2014. The note is collateralized by all property and equipment of LCP.

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

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

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

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

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

Note 9. Employee Retirement Plans

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

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

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

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

Note 9. Employee Retirement Plans (Continued)

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

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

Note 9. Employee Retirement Plans (Continued)

	2013	2012
Amounts not yet recognized as components of net periodic pension cost:		
Net actuarial (loss)	$ (60,459,755)	$ (73,750,845)
Prior service cost credit	14,777	14,778
Unrecognized amounts, end of year	(60,444,978)	(73,736,067)
Unrecognized amounts, beginning of year	(73,736,067)	(58,271,447)
Current year change	$ 13,291,089	$ (15,464,620)
Assumptions used in computations:		
In computing ending obligations:		
Discount rate	5.10%	4.75%
Rate of compensation increase	n/a	n/a
In computing net periodic benefit cost:		
Discount rate	4.75%	5.75%/5.10%*
Expected return on assets	7.25%	7.45%
Rate of compensation increase	n/a	4.00%

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

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

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

Note 9. Employee Retirement Plans (Continued)

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

	Investments at Fair Value as of June 30, 2013			
	Fair Value	Level 1	Level 2	Level 3
Common Stocks:				
Healthcare	$ 9,713,915	$ 9,713,915	$ -	$ -
Financial	10,908,861	10,908,861	-	-
Consumer Discretionary	16,617,544	16,617,544	-	-
Energy	5,884,731	5,884,731	-	-
Information Technology	13,735,821	13,735,821	-	-
Industrials	7,632,608	7,632,608	-	-
ADR's (American Depository Receipts)	5,747,264	5,747,264	-	-
Materials	2,668,187	2,668,187	-	-
Consumer Staples	2,979,522	2,979,522	-	-
Utilities	928,387	928,387	-	-
Telecommunication Services	790,267	790,267	-	-
Fixed Income Mutual Fund, PIMCO Total Return Fund	35,427,365	35,427,365	-	-
Equity Mutual Funds:				
MFS Global Equity Fund	7,964,618	7,964,618	-	-
Thornburg International Value Fund	21,959,722	21,959,722	-	-
Equity Collective Investment Fund, JP Morgan Extended Duration Fund	38,602,979	-	38,602,979	-
	181,561,791	$ 142,958,812	$ 38,602,979	$ -
Other plan assets, cash and cash equivalents	2,346,046			
Total plan assets	$ 183,907,837			

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

Note 9. Employee Retirement Plans (Continued)

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

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

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

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

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

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

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

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

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

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

Note 10. Income Tax Matters

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

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

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

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

	2013	2012
Deferred tax assets	$ 2,648,000	$ 2,325,000
Less valuation allowance	(2,648,000)	(2,325,000)
	$ -	$ -

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

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

Year ending June 30:	
2014	$ -
2015	-
2016	-
2017	-
2018	-
Thereafter	2,723,000
	$ 2,723,000

Note 10. Income Tax Matters (Continued)

Uncertainty in income taxes:

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

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

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

Note 11. Self-Insurance, Contingent Liabilities and Commitments

Self-insured claims:

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

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

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

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

Accounting for conditional asset retirement obligations:

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

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

Laws and regulations:

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

CMS RAC Program:

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

Current economic conditions:

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

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

Health care reform:

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

Management agreement:

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

Commitments:

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

Year ending June 30:	
2014	$ 1,845,000
2015	1,845,000
2016	1,845,000
2017	1,845,000
2018	1,691,000
	$ 9,071,000

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

Note 12. Net Asset Restrictions

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

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

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

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

	2013	2012
Heart of Mercy financial assistance	$ 1,487,299	$ 1,466,797
Hospice house	1,925,694	1,925,210
Other	568,658	425,827
	$ 3,981,651	$ 3,817,834

Note 13. Minimum Future Rentals

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

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

Note 14. Interest in Net Assets of Foundation

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

Note 15. Concentrations of Credit Risk

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

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

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

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

Note 16. Pending Accounting Pronouncements

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

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

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

Note 16. Pending Accounting Pronouncements (Continued)

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

Note 17. Functional Expenses

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

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

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

Genesis Health System
and Related Organizations

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

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

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

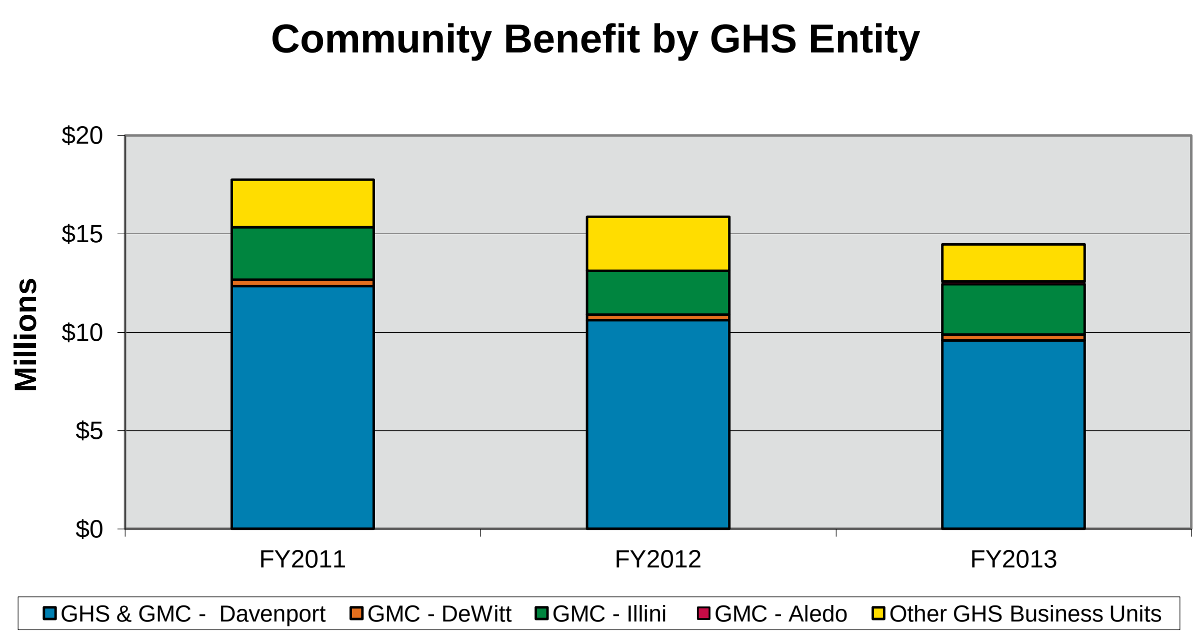
Table 1 shows a 10% decrease in community benefit for GHS & GMC – Davenport compared to FY 2012. GMC – DeWitt increased its community benefit by 8% and GMC – Illini increased by 14%. Other GHS Business Units' community benefit decreased by 32% in FY 2013. FY 2013 also reflects the addition of GMC – Aledo.

Table 1: Community Benefit by GHS Entity

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

This information is shown graphically in Graph 1.

Graph 1: Community Benefit by GHS Business Unit



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

Graph 2: GHS Community Benefit Totals

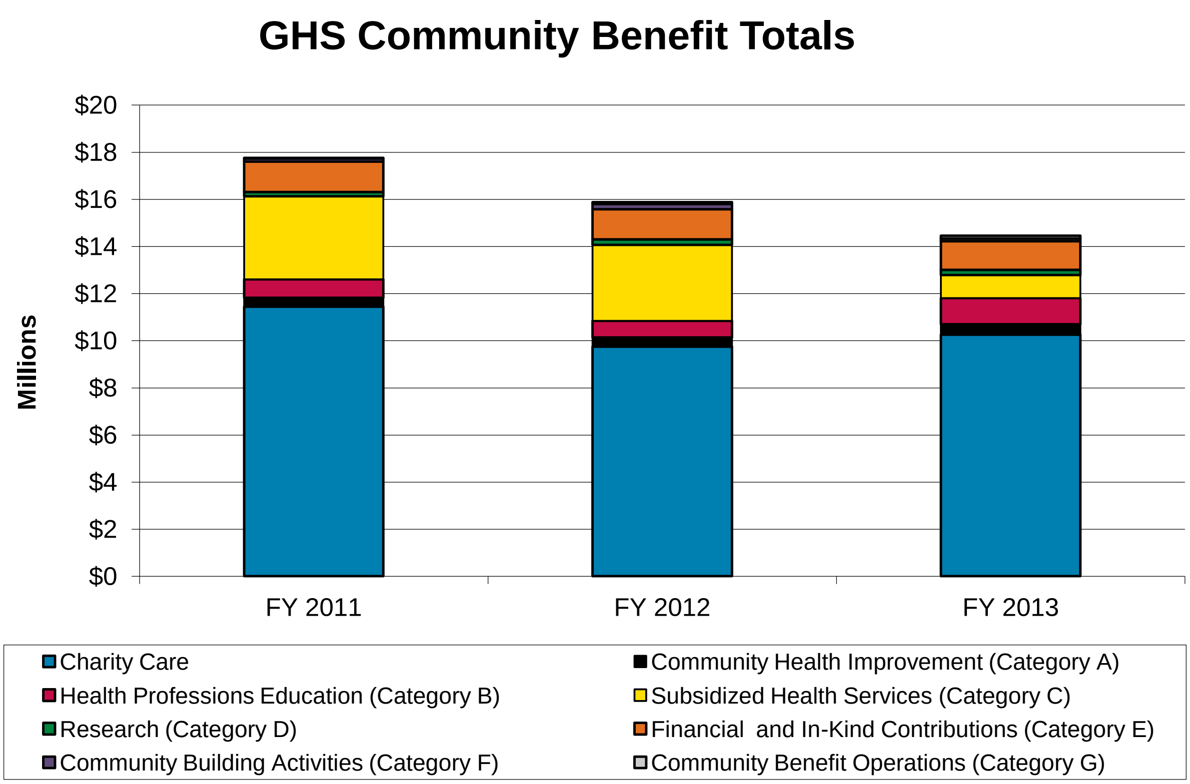


Table 2: FY 2013 Category Comparisons by GHS Business Unit

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

Genesis Health System
and Related Organizations

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

Table 3: Category Comparisons for the Past Three Fiscal Years

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

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2013

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

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

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

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2013

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

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

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

Genesis Health System
And Related Organizations

Consolidating Balance Sheet Information
June 30, 2012

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

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

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

Genesis Health System
and Related Organizations

Consolidating Balance Sheet Information
June 30, 2012

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

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

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

Genesis Health System
and Related Organizations

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

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

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

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

Genesis Health System
and Related Organizations

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

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

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

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