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Form 990   Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>  ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		<b>2010</b>
		<b>Open to Public Inspection</b>

<b>A For the 2010 calendar year, or tax year beginning 09-01-2010 and ending 08-31-2011</b>		
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization UNION HOSPITAL INC	<b>D Employer identification number</b>  35-0876396
	Doing Business As	<b>E Telephone number</b>  (812) 238-7000
	Number and street (or P O box if mail is not delivered to street address) 1606 NORTH SEVENTH STREET	Room/suite
	<b>G</b> Gross receipts \$ 424,153,646	
	City or town, state or country, and ZIP + 4 TERRE HAUTE, IN 47804	
	<b>F</b> Name and address of principal officer WAYNE HUTSON 1606 NORTH SEVENTH STREET TERRE HAUTE, IN 47804	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J Website:</b> ▶ WWW.UHHG.ORG		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1892
		<b>M</b> State of legal domicile IN

<b>Part I</b>	<b>Summary</b>
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Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities WE EXIST TO SERVE OUR PATIENTS WITH COMPASSIONATE HEALTH CARE OF THE HIGHEST QUALITY																								
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets																								
	<table><tr><td><b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .</td><td><b>3</b></td><td>14</td></tr><tr><td><b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .</td><td><b>4</b></td><td>9</td></tr><tr><td><b>5</b> Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .</td><td><b>5</b></td><td>2,622</td></tr><tr><td><b>6</b> Total number of volunteers (estimate if necessary) . . . . .</td><td><b>6</b></td><td>394</td></tr><tr><td><b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .</td><td><b>7a</b></td><td>583,535</td></tr><tr><td><b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .</td><td><b>7b</b></td><td>-93,017</td></tr></table>	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	14	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	9	<b>5</b> Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .	<b>5</b>	2,622	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	394	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	583,535	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	-93,017						
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Net Assets or Fund Balances	<table><tr><td></td><td><b>Beginning of Current Year</b></td><td><b>End of Year</b></td></tr><tr><td><b>20</b> Total assets (Part X, line 16) . . . . .</td><td>455,384,525</td><td>464,415,498</td></tr><tr><td><b>21</b> Total liabilities (Part X, line 26) . . . . .</td><td>319,751,492</td><td>337,089,154</td></tr><tr><td><b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .</td><td>135,633,033</td><td>127,326,344</td></tr></table>		<b>Beginning of Current Year</b>	<b>End of Year</b>	<b>20</b> Total assets (Part X, line 16) . . . . .	455,384,525	464,415,498	<b>21</b> Total liabilities (Part X, line 26) . . . . .	319,751,492	337,089,154	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .	135,633,033	127,326,344												
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<b>Part II</b>	<b>Signature Block</b>
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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	***** Signature of officer		2012-07-14 Date		
	WAYNE HUTSON CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name CARRIE A MERRILL CPA	Preparer's signature CARRIE A MERRILL CPA	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ BLUE & CO LLC				Firm's EIN ▶
	Firm's address ▶ ONE AMERICAN SQUARE 2200  INDIANAPOLIS, IN 46282				Phone no ▶ (317) 633-4705

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

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

WE EXIST TO SERVE OUR PATIENTS WITH COMPASSIONATE HEALTH CARE OF THE HIGHEST QUALITY

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

If "Yes," describe these changes on Schedule O

**4a** (Code ) (Expenses \$ 396,612,015 including grants of \$ 172,159 ) (Revenue \$ 412,869,553 )



















UNION HOSPITAL, UNION HOSPITAL CLINTON, AND OUR NETWORK OF PRIMARY CARE PHYSICIANS JOIN TOGETHER TO PROVIDE COMPREHENSIVE CARE TO RESIDENTS OF WEST CENTRAL INDIANA AND EASTERN ILLINOIS. OUR FACILITIES INCLUDE TWO HOSPITALS AND MORE THAN 40 PRIMARY AND SPECIALTY CARE PHYSICIANS AND MID-LEVEL PROVIDERS. WE ARE THE LARGEST PROVIDER OF HEALTH CARE SERVICES BETWEEN INDIANAPOLIS AND ST. LOUIS ALONG THE I-70 CORRIDOR, SERVING VIGO, PARKE, VERMILION AND CLAY COUNTIES IN INDIANA, AND CLARK AND EDGAR COUNTIES IN ILLINOIS AS OUR PRIMARY SERVICE AREA. OUR SECONDARY SERVICE AREA INCLUDES GREENE AND SULLIVAN COUNTIES IN INDIANA, AND CRAWFORD COUNTY IN ILLINOIS. CONTINUE TO SCHEDULE ACCESS TO HEALTH CARE FOR OUR COMMUNITIES IS A CHALLENGE WE HAVE BEEN WORKING TO MEET FOR MANY YEARS. WHEN AN IMPENDING SHORTAGE OF PRIMARY CARE PROVIDERS WAS IDENTIFIED IN THE 1970'S, UNION HOSPITAL ESTABLISHED A FAMILY MEDICINE RESIDENCY PROGRAM TO TRAIN AND RETAIN DOCTORS FOR SERVICE IN OUR AREA. IN RESPONSE TO HEALTH CARE PROFESSIONAL SHORTAGES IN RURAL AREAS, THE RICHARD G. LUGAR CENTER FOR RURAL HEALTH (FORMERLY THE MIDWEST CENTER FOR RURAL HEALTH) WAS ESTABLISHED IN 1993 AS A DIVISION OF THE FAMILY MEDICINE RESIDENCY PROGRAM. THIS INNOVATIVE CENTER HAS DEVELOPED A CURRICULUM FOR RESIDENTS SPECIALIZING IN RURAL FAMILY MEDICINE AS WELL AS PRACTICE MODELS THAT INCORPORATE A MULTIDISCIPLINARY TEAM APPROACH AND STATE-OF-THE-ART TECHNOLOGY TO ENSURE THE SATISFACTION AND SUCCESS OF PROFESSIONALS WHO CHOOSE TO SERVE IN RURAL AREAS. SINCE 1976, THE PROGRAM HAS PLACED 81 PHYSICIANS IN COMMUNITIES IN INDIANA, 30 IN ILLINOIS, 1 IN JAPAN, 1 IN GUAM, 1 IN CANADA, 1 IN SUDAN AND 47 OTHERS IN COMMUNITIES ACROSS THE UNITED STATES. THE LUGAR CENTER'S INNOVATIVE PROGRAMS AND PROJECTS INCLUDE PARTNERSHIPS WITH THE INDIANA UNIVERSITY SCHOOL OF MEDICINE, THE INDIANA STATE UNIVERSITY SCHOOL OF NURSING, THE STATE AND NATIONAL RURAL HEALTH ASSOCIATIONS, THE STATE OF INDIANA, THE U.S. DEPARTMENT OF AGRICULTURE, AND THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, AMONG MANY OTHERS. GRANTS TO SUPPORT ITS INITIATIVES TOTAL MORE THAN NEARLY \$15 MILLION. THESE GRANTS SUPPORT ADVANCEMENTS IN RESIDENCY TRAINING, TELEMEDICINE TECHNOLOGY, AND THE FUNDING OF RURAL HEALTH CLINICS AND SERVICES. THE CLAY CITY CENTER FOR FAMILY MEDICINE IS OUR MODEL RURAL HEALTH CLINIC AND TRAINING SITE FOR RESIDENTS AND PROVIDES VITAL CARE TO THE MEDICALLY UNDERSERVED CITIZENS OF CLAY COUNTY, INDIANA. OUR COMMUNITY LOOKS TO UHJ FOR A HIGH LEVEL OF SUPPORT. IN FISCAL YEAR 2011, MORE THAN \$11 MILLION WAS DONATED TO THE POOR AND THE COMMUNITY THROUGH DONATIONS, SUBSIDIZED HEALTH SERVICES, THE EDUCATION OF MEDICAL PROFESSIONALS, AND EDUCATION FOR PATIENTS AND THE COMMUNITY. ANNUALLY, THE UNION HOSPITAL FOUNDATION AWARDS 20 SCHOLARSHIPS FOR AREA STUDENTS. FINANCIAL COMMITMENT FOR THESE INITIATIVES COMES FROM THE BOARD OF DIRECTORS THROUGH THE ORGANIZATION AS PART OF THE BUDGETING PROCESS. THE UNION HOSPITAL FOUNDATION, THE UNION HOSPITAL CLINTON FOUNDATION AND GUILD, AND THE SERVICE LEAGUE OF UNION HOSPITAL ARE ACTIVELY ENGAGED IN RAISING FUNDS TO SUPPORT THESE VITAL COMMUNITY SERVICES. GRANT SOURCES INCLUDE THE U.S. DEPARTMENT OF AGRICULTURE, THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, THE STATE OF INDIANA, MARCH OF DIMES, AND THE SUSAN G. KOMEN FOUNDATION, AMONG OTHERS.

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

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

<b>4e</b>	<b>Total program service expenses</b>	<b>\$ 396,612,015</b>
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	<b>1a</b>	191
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	<b>2a</b>	2,622
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	Yes
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>	Yes
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	No
<b>b</b>	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand.	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.  
Check if Schedule O contains a response to any question in this Part VI ☒

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .	1a	14	
b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	1b	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5		No
6	Does the organization have members or stockholders? . . . . .	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following . . . . .			
a	The governing body? . . . . .	8a	Yes	
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9		No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed IN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. Wayne Hutson CFO 1606 N SEVENTH STREET TERRE HAUTE, IN 47804 (812) 238-7000

Part VII

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization’s tax year

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JOHN LUKENS CHAIRMAN	2 00	X						0	0	0
(2) CURTIS BRIGHTON VICE CHAIRMAN	2 00	X						0	0	0
(3) WILLIAM G GRIMES SECRETARY	2 00	X						0	0	0
(4) DAN DEBARD TREASURER	2 00	X						0	0	0
(5) WARD HUBBARD ASST TREASURER	2 00	X						0	0	0
(6) FREDERICK BAUER ASST SECRETARY	2 00	X						0	0	0
(7) ANNA ZIMMERMAN MEMBER	2 00	X						0	0	0
(8) CINDY MARTIN MEMBER	2 00	X						0	0	0
(9) MARK LYNCH MEMBER	2 00	X						0	0	0
(10) MOLLY CALLAHAN MEMBER	2 00	X						0	0	0
(11) ROBERT HAERR MEMBER	2 00	X						0	0	0
(12) ROBERT MCCLAUGHLIN MEMBER	2 00	X						0	0	0
(13) STEVEN MCDONALD MEMBER	2 00	X						0	0	0
(14) DAVID DOERR SEE SCH J	40 00	X		X				296,764	0	20,311
(15) SCOTT TEFFETELLER SEE SCH J	40 00			X				287,164	0	26,327
(16) WAYNE HUTSON SR VP FINANCE/CFO	40 00			X				237,354	0	20,244

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) CAROL ROESCH VICE PRESIDENT	40 00			X				170,861	0	19,539
(18) KYM PFRANK VICE PRESIDENT	40 00			X				178,716	0	19,025
(19) SALLY ZUEL VICE PRESIDENT	40 00			X				157,901	0	11,954
(20) RONALD LEACH MEDICAL DIRECTOR	40 00			X				200,084	0	0
(21) KRISTI WILLIAMS SYSTEM DIRECTOR PHARMACY	40 00				X			132,090	0	16,931
(22) RONALD KING SYSTEM DIRECTOR SURGERY	40 00				X			128,969	0	18,564
(23) NABIL MNAYARJI CARDIAC PHYSICIAN	40 00					X		842,921	0	30,478
(24) LINGAN SIDDA RADIOLOGIST	40 00					X		1,025,320	0	22,930
(25) PRADEEP NAROTAM NEUROSURGEON	40 00					X		849,900	0	28,024
(26) RAMESH TANK RADIOLOGIST	40 00					X		1,001,601	0	30,479
(27) SANJAY PATHAK RADIOLOGIST	40 00					X		847,512	0	28,457
1b Sub-Total . . . . .										
c Total from continuation sheets to Part VII, Section A . . . . .										
d Total (add lines 1b and 1c) . . . . .								6,096,098	0	257,768

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization 92

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
PROVIDENCE MEDICAL GROUP 2723 S 7TH ST TERRE HAUTE, IN 47802	MEDICAL SERVICES AND RENT	19,512,732
CARDIOVASCULAR MANAGEMENT 2723 S 7TH ST TERRE HAUTE, IN 47802	MEDICAL MANAGEMENT SERVICES	18,930,049
AMBULATORY SURGERY MANAGEMENT 221 S 6TH ST TERRE HAUTE, IN 47802	MEDICAL MANAGEMENT SERVICES	6,284,955
AP&S CLINIC 221 S 6TH ST TERRE HAUTE, IN 47802	MEDICAL SERVICES AND RENT	5,436,588
GARMONG PEPPER CONSTRUCTION 1659 N 8TH ST TERRE HAUTE, IN 47804	CONSTRUCTION	4,377,754

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization 50

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections  512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues . . . . .	1b					
	c	Fundraising events . . . . .	1c					
	d	Related organizations . . . . .	1d	170,120				
	e	Government grants (contributions)	1e	1,114,560				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	211,753				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f . . . . .		1,496,433				
	Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 900099	413,557,285	413,557,285		
b								
c								
d								
e								
f		All other program service revenue						
g		Total. Add lines 2a-2f . . . . .		413,557,285				
Other Revenue		3	Investment income (including dividends, interest and other similar amounts) . . . . .		687,872			687,872
		4	Income from investment of tax-exempt bond proceeds . . .					
	5	Royalties . . . . .						
	6a	Gross Rents	(i) Real 1,348,590	(ii) Personal				
	b	Less rental expenses	3,621,775					
	c	Rental income or (loss)	-2,273,185					
	d	Net rental income or (loss) . . . . .			-2,273,185	-2,273,185		
	7a	Gross amount from sales of assets other than inventory	(i) Securities 345,581	(ii) Other				
	b	Less cost or other basis and sales expenses	435,293					
	c	Gain or (loss)	-89,712					
	d	Net gain or (loss) . . . . .			-89,712		-89,712	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a					
	b	Less direct expenses . . . . .	b					
	c	Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a					
	b	Less direct expenses . . . . .	b					
	c	Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances . . .	a					
	b	Less cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue			Business Code					
11a	CAFETERIA REVENUE	900099	1,333,147			1,333,147		
b	AP & S PURCHASED SERVI	900099	1,075,759			1,075,759		
c	CHILD DEVELOPMENT REVE	624410	645,957		314,010	331,947		
d	All other revenue . . . . .		3,663,022	1,585,453	269,525	1,808,044		
e	Total. Add lines 11a-11d . . . . .		6,717,885					
12	Total revenue. See Instructions . . . . .		420,096,578	412,869,553	583,535	5,147,057		

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	172,159	172,159		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees . . . . .	1,183,034	275,591	907,443	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
7	Other salaries and wages	115,943,733	109,671,177	6,272,556	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	11,308,542	10,696,750	611,792	
9	Other employee benefits . . . . .	2,052,980	1,941,914	111,066	
10	Payroll taxes . . . . .	7,928,215	7,499,299	428,916	
a	Fees for services (non-employees)				
	Management . . . . .				
b	Legal . . . . .	9,232	8,733	499	
c	Accounting . . . . .				
d	Lobbying . . . . .				
e	Professional fundraising services See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other . . . . .	10,755,239	10,173,381	581,858	
12	Advertising and promotion . . . . .	540,710	511,458	29,252	
13	Office expenses . . . . .	13,403,019	12,677,916	725,103	
14	Information technology . . . . .				
15	Royalties . . . . .				
16	Occupancy . . . . .	11,546,387	10,921,727	624,660	
17	Travel . . . . .	375,029	354,740	20,289	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .				
20	Interest . . . . .	13,922,753	13,169,532	753,221	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	24,948,134	23,598,440	1,349,694	
23	Insurance . . . . .	16,535,167	15,640,614	894,553	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	PURCHASED SERVICES	76,074,533	71,958,901	4,115,632	
b	MEDICAL SUPPLIES	68,119,852	64,434,568	3,685,284	
c	BAD DEBT	41,962,299	39,692,139	2,270,160	
d	LICENSES, DUES & SUBSCR	569,775	538,950	30,825	
e					
f	All other expenses	2,826,965	2,674,026	152,939	
25	Total functional expenses. Add lines 1 through 24f	420,177,757	396,612,015	23,565,742	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			21,856,285	1	28,919,312
	2	Savings and temporary cash investments . . . . .				2	
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			55,239,274	4	53,853,217
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			5,049,617	8	4,386,794
	9	Prepaid expenses and deferred charges . . . . .			5,284,677	9	5,223,132
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	460,456,776	299,056,105	10c	290,321,652
	b	Less: accumulated depreciation . . . . .	10b	170,135,124			
	11	Investments—publicly traded securities . . . . .			37,666,679	11	59,682,256
	12	Investments—other securities. See Part IV, line 11 . . . . .			20,230,429	12	13,506,327
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .			6,120,840	14	4,651,848
	15	Other assets. See Part IV, line 11 . . . . .			4,880,619	15	3,870,960
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			455,384,525	16	464,415,498
Liabilities	17	Accounts payable and accrued expenses . . . . .			43,964,421	17	47,653,026
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .			507,720	19	401,447
	20	Tax-exempt bond liabilities . . . . .			235,025,000	20	255,640,000
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .			25,791,757	23	23,178,118
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			14,462,594	25	10,216,563
	26	Total liabilities. Add lines 17 through 25 . . . . .			319,751,492	26	337,089,154
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			127,903,123	27	121,024,812
	28	Temporarily restricted net assets . . . . .			6,783,414	28	5,343,087
	29	Permanently restricted net assets . . . . .			946,496	29	958,445
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			135,633,033	33	127,326,344
	34	Total liabilities and net assets/fund balances . . . . .			455,384,525	34	464,415,498

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	<b>1</b>	420,096,578
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25) . . . . .	<b>2</b>	420,177,757
<b>3</b>	Revenue less expenses Subtract line 2 from line 1 . . . . .	<b>3</b>	-81,179
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	<b>4</b>	135,633,033
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	<b>5</b>	-8,225,510
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) . . . . .	<b>6</b>	127,326,344

**Part XII Financial Statements and Reporting**

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

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant? . . . . .	Yes	
<b>c</b>	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . . .	Yes	
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .		No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . . . .		

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))					14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14					15	
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶						

Part III

Support Schedule for Organizations Described in Section 509(a)(2)  
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6 )						

Section B. Total Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
13 Total support (Add lines 9, 10c, 11 and 12 )						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> 						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		

Part IV

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

SCHEDULE C  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.**  
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization UNION HOSPITAL INC	Employer identification number 35-0876396
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	<b>a</b> Volunteers?		No	
	<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	<b>c</b> Media advertisements?		No	
	<b>d</b> Mailings to members, legislators, or the public?		No	
	<b>e</b> Publications, or published or broadcast statements?		No	
	<b>f</b> Grants to other organizations for lobbying purposes?		No	
	<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		16,160
	<b>j</b> Total lines 1c through 1i			16,160
	<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912				
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	5 29% OF INDIANA HOSPITAL ASSOCIATION AND 24 42% OF AMERICAN HOSPITAL ASSOCIATION DUES PAID WERE ATTRIBUTABLE TO LOBBYING EXPENSES AS DEFINED IN FEDERAL LAW

SCHEDULE D

(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.**  
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public  
Inspection

**Name of the organization**  
UNION HOSPITAL INC

**Employer identification number**  
  
35-0876396

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
2a	
2b	
2c	
2d	

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶\_\_\_\_\_

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes

☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶\_\_\_\_\_

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes

☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization’s financial statements that describes the organization’s accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

1b

If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

(ii)

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .	946,496	969,067	1,010,484	
b	Contributions . . . . .				
c	Investment earnings or losses . . . . .	44,026	17,441	4,129	
d	Grants or scholarships . . . . .	20,970	27,706	33,684	
e	Other expenditures for facilities and programs . . . . .				
f	Administrative expenses . . . . .	11,108	12,306	11,862	
g	End of year balance . . . . .	958,444	946,496	969,067	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations . . . . .

3a(i)

☐ Yes

☐ No

(ii)

related organizations . . . . .

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

4

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

Part VI

Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		16,928,544		16,928,544
b Buildings . . . . .		319,814,029	92,074,572	227,739,457
c Leasehold improvements . . . . .		2,534,128	1,704,233	829,895
d Equipment . . . . .		108,703,442	76,356,319	32,347,123
e Other . . . . .		12,476,633		12,476,633
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				290,321,652



Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

Part XIVSupplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE CORPORATION'S ENDOWMENT CONSISTS OF INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES WHICH WERE DONOR-RESTRICTED NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE CORPORATION TO FUNCTION AS ENDOWMENTS, ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE CORPORATION AND RECOGNIZE A TAX LIABILITY IF THE CORPORATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE CORPORATION, AND HAS CONCLUDED THAT AS OF AUGUST 31, 2011 AND 2010, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS FILINGS ARE CURRENT THROUGH 2010 THE IMPACT OF THE SUBSIDIARIES TAX CONSEQUENCES IS IMMATERIAL TO THESE FINANCIAL STATEMENTS
		FORM 990, PART IV LINE 12 HAS BEEN CHECKED NO PER 990 INSTRUCTIONS PART XI, XII, AND XIII ARE NOT REQUIRED AS THE ORGANIZATION IS PART OF A CONSOLIDATED FINANCIAL STATEMENT THE CONSOLIDATED FINANCIAL STATEMENTS ARE AUDITED BY AN INDEPENDENT ACCOUNTING FIRM AND PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

**Name of the organization**  
UNION HOSPITAL INC

**Employer identification number**  
35-0876396

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	Yes	
1b	If "Yes," is it a written policy? . . . . .	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  <b>a</b> Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care  <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  <b>b</b> Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . .  <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  <b>c</b> If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care  <b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	Yes	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	Yes	
5c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .		No
6a	Does the organization prepare a community benefit report during the tax year? . . . . .	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			10,949,501		10,949,501	2 900 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .			57,009,533	27,286,614	29,722,919	7 860 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .						
d Total Financial Assistance and Means-Tested Government Programs . . . . .			67,959,034	27,286,614	40,672,420	10 760 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,154,447	57,437	1,097,010	0 290 %
f Health professions education (from Worksheet 5) . . . . .			7,630,293	2,773,395	4,856,898	1 280 %
g Subsidized health services (from Worksheet 6) . . . . .			11,642,909	2,698,810	8,944,099	2 360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .			176,729		176,729	0 050 %
j Total Other Benefits . . . . .			20,604,378	5,529,642	15,074,736	3 980 %
k Total. Add lines 7d and 7j . . . . .			88,563,412	32,816,256	55,747,156	14 740 %

Part II

Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing		819,791		819,791	0 220 %
2	Economic development					
3	Community support					
4	Environmental improvements		1,022,546		1,022,546	0 270 %
5	Leadership development and training for community members					
6	Coalition building		183,893		183,893	0 050 %
7	Community health improvement advocacy					
8	Workforce development		179,391	75,070	104,321	0 030 %
9	Other					
10	Total		2,205,621	75,070	2,130,551	0 570 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost) . . . . .	2	14,132,858
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy .	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	128,357,921
6	Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	144,023,723
7	Subtract line 6 from line 5. This is the surplus or (shortfall) . . . . .	7	-15,665,802
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy? . . . . .	9a	Yes
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI . . . . .	9b	Yes

Part IV

Management Companies and Joint Ventures

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



Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: UNION HOSPITAL - NOT REQUIRED

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

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: UNION HOSPITAL CLINTON - NOT REQUIRED

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

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
<b>1</b> During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply)	<b>1</b>	
<b>a</b> <input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input type="checkbox"/> Demographics of the community		
<b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input type="checkbox"/> How data was obtained		
<b>e</b> <input type="checkbox"/> The health needs of the community		
<b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	<b>3</b>	
<b>4</b> Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<b>5</b>	
<b>a</b> <input type="checkbox"/> Hospital facility's website		
<b>b</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
<b>a</b> <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
<b>b</b> <input type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
<b>g</b> <input type="checkbox"/> Prioritization of health needs in the community		
<b>h</b> <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	<b>9</b>	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance? . . . . .	12	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? . . . . .	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? . . . . . If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		

**Part V**

**Facility Information** *(continued)*

**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 13

Name and address	Type of Facility (Describe)
<b>1</b> See Additional Data Table	

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C SCHEDULE H PART I LINE 3BDESCRIPTION OF FAMILY INCOME LIMIT FOR DISCOUNTED CARETHE ORGANIZATION PROVIDES PARTIAL ASSISTANCE FOR INCOME LEVELS BETWEEN 150% AND 200% OF FEDERAL POVERTY GUIDELINES, AND OFFERS DISCOUNTED CARE ON A SLIDING SCALE FOR INCOME LEVELS BETWEEN 250% AND 400% OF FEDERAL POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) TOTAL BAD DEBT EXPENSE OF \$41,962,299 INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) HAS BEEN EXCLUDED FROM THE DENOMINATOR FOR PURPOSES OF CALCULATING THE PERCENTAGE IN SCHEDULE H, PART I, LINE 7, COLUMN (F) PER IRS INSTRUCTION

Identifier	ReturnReference	Explanation
		<p>PART II TO BETTER MEET THE NEEDS OF OUR COMMUNITIES UHI PARTICIPATES IN COMMUNITY BUILDING ACTIVITIES TO IMPROVE THE HEALTH IN THE COMMUNITY PROGRAMS HAVE BEEN DEVELOPED TO SPECIFICALLY HELP MEET THE NEEDS AS DEFINED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT MANY OF THE PROGRAMS OR SERVICES DEVELOPED MEET SEVERAL DEFINED NEEDS AND SOME OF THEM ARE MORE FOCUSED ON A CENTRAL IDEA, FOR EXAMPLE PARTNERING WITH OUR LOCAL WABASH VALLEY HARLEY DAVIDSON DEALER AND OFFERING A FREE PROSTATE CANCER SCREENING TO OUR MALE POPULATION THE CENTRAL FOCUS IS TO IDENTIFY MALES THAT HAVE AN ELEVATED PSA LEVELS SO THEY CAN GET TREATMENT BEFORE MAJOR HEALTH COMPLICATIONS ARISE</p> <p>CONTINUED ON SCHEDULE O</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY FOR UNCOLLECTIBLE RECEIVABLES BASED UPON THE PAYOR COMPOSITION AND AGING OF RECEIVABLES AS OF THE REPORTING DATE WITH CONSIDERATION OF THE HISTORICAL WRITEOFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THESE REVIEWS ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR UNCOLLECTIBLE RECEIVABLES TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, THE CORPORATION FOLLOWS ESTABLISHED GUIDELINES FOR PLACING PAST-DUE PATIENT ACCOUNTS WITH COLLECTION AGENCIES EXPLANATION FOR LINE 2 AND 3 OR RATIONAL FOR INCLUDING OTHER BAD DEBT AMOUNT IN COMMUNITY BENEFIT THE HOSPITAL HAS A DETAILED FINANCIAL ASSISTANCE POLICY WHICH STATES THAT TO PARTICIPATE IN CHARITY CARE CANDIDATES MUST COOPERATE FULLY IN ADDITION THE HOSPITAL EDUCATES PATIENTS WITH LIMITED ABILITY TO PAY REGARDING FINANCIAL ASSISTANCE FOR THIS REASON THE ORGANIZATION BELIEVES THAT IT ACCURATELY CAPTURES ALL CHARITY CARE DEDUCTIONS PROVIDED ACCORDING TO THE FINANCIAL ASSISTANCE POLICY AND THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS NEGLIGIBLE</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, MEDICARE HAS BEEN PROVIDED FROM THE YEAR ENDED AUGUST 31, 2011 REPORT HOSPITAL STATEMENT OF REIMBURSABLE COST

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF THE PATIENT DOES NOT QUALIFY FOR CHARITY, BUT QUALIFIES FOR LIMITED MEANS ASSISTANCE, A REDUCTION IN CHARGES WILL BE MADE TO THE ACCOUNT AND THE PATIENT WILL BE NOTIFIED VIA MAIL AT THE PATIENT'S REQUEST, PAYMENT ARRANGEMENTS WILL BE MADE FOR THE REMAINING BALANCE

Identifier	ReturnReference	Explanation
		SCHEDULE H PART I LINE 3BDESCRIPTION OF FAMILY INCOME LIMIT FOR DISCOUNTED CARETHE ORGANIZATION PROVIDES PARTIAL ASSISTANCE FOR INCOME LEVELS BETWEEN 150% AND 200% OF FEDERAL POVERTY GUIDELINES, AND OFFERS DISCOUNTED CARE ON A SLIDING SCALE FOR INCOME LEVELS BETWEEN 250% AND 400% OF FEDERAL POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 ASSESSING THE NEEDS OF OUR COMMUNITY IS AN ONGOING ACTIVITY ALTHOUGH A FORMALIZED ASSESSMENT TOOL IS CURRENTLY BEING EVALUATED, ONLINE DATABASES HAVE PROVED BENEFICIAL IN HELPING THE ORGANIZATION DETERMINE THE BEST WAY TO UTILIZE ITS RESOURCES THE MOST VALUABLE OF THOSE RESOURCES BEING UNION'S 2,000 PLUS EMPLOYEES WHO DONATE THOUSANDS OF HOURS OF COMMUNITY SERVICE EACH YEAR UHI EMPLOYS A FULL-TIME POSITION (COMMUNITY LIAISON) DEDICATED TO COMMUNITY BENEFIT ACTIVITIES FOR THE ORGANIZATION THE COMMUNITY LIAISON TAKES ON THE LEAD ROLE IN COLLECTING DATA TO ASSIST IN ASSESSING THE NEEDS OF OUR COMMUNITY THE WEBSITE STATSINDIANA EDU HAS A WEALTH OF HEALTH, DEMOGRAPHIC AND INCOME DATA PROVIDING UNION WITH AN ASSESSMENT OF ALL INDIANA COUNTIES IN OUR SERVICE AREA THE U S CENSUS BUREAU AND COUNTYHEALTHRANKINGS ORG PROVIDED DATA THAT CAN BE DRILLED DOWN TO THE STATE, COUNTY AND CITY LEVELS TO HELP UHI OFFICIALS ACCURATELY ASSESS COMMUNITY HEALTH NEEDS UNION ALSO WORKS CLOSELY WITH INDIANA STATE UNIVERSITY COLLEGE OF NURSING HEALTH AND HUMAN SERVICES, AND THE VIGO COUNTY HEALTH DEPARTMENT THE HOSPITAL UTILIZES NATIONAL RESEARCH CORPORATION (NRC) TO CONDUCT ITS PATIENT SATISFACTION SURVEYS, AND TO PROVIDE UHI WITH COMMUNITY HEALTH NEEDS ASSESSMENT ON AUGUST 14, 2009, PUBLIC HEALTH SYSTEM PARTNERS OF VIGO COUNTY CONVENED A MEETING TO EVALUATE HOW TO BETTER SERVE THE PUBLIC HEALTH AND HEALTHCARE NEEDS OF THE COUNTY'S ESTIMATED 106,000 RESIDENTS THE RURAL HEALTH INNOVATION COLLABORATIVE (RHIC) HOSTED THE ALL DAY EVENT, IN PARTNERSHIP WITH THE VIGO COUNTY HEALTH DEPARTMENT THE INDIANA STATE DEPARTMENT OF HEALTH, IN COLLABORATION WITH PURDUE UNIVERSITY'S HEALTHCARE TECHNICAL ASSISTANCE PROGRAM, WORKED TOGETHER TO CREATE THIS OPPORTUNITY FOR ALL LOCAL PUBLIC HEALTH SYSTEM PARTNERS TO IDENTIFY EXISTING STRENGTHS, AS WELL AS OPPORTUNITIES TO ESTABLISH AND FORMALIZE PUBLIC HEALTH SYSTEM INFRASTRUCTURE IN INDIANA COUNTIES VIGO COUNTY PARTNERS MET TO COMPLETE THE CDC NATIONAL PUBLIC HEALTH PERFORMANCE STANDARDS, LOCAL PUBLIC HEALTH SYSTEM ASSESSMENT - A NATIONALLY RECOGNIZED PUBLIC HEALTH SYSTEM ASSESSMENT TOOL THE ASSESSMENT PROCESS AND RESULTS ENABLED GREATER UNDERSTANDING OF HOW THE COUNTY'S HEALTHCARE AND PUBLIC HEALTH ORGANIZATIONS RELATE TO ONE ANOTHER AND HOW THEY PROVIDE ESSENTIAL PUBLIC HEALTH AND HEALTHCARE SERVICES TO THE PUBLIC THEY SERVE THE ASSESSMENT SPECIFICALLY FOCUSED ON AREAS SUCH AS COMMUNICATION, PARTNERSHIPS, LINKING PEOPLE TO NEEDED SERVICES, AND SHARING OF RESOURCES FINDINGS OF THE ASSESSMENT REVEALED STRENGTHS OF THE SYSTEM THAT INCLUDED - IDENTIFICATION AND SURVEILLANCE OF HEALTH THREATS, AND RESPONSE TO PUBLIC HEALTH THREATS AND EMERGENCIES -INFORMING, EDUCATING AND EMPOWERING THE PUBLIC ABOUT PUBLIC HEALTH ISSUES-ENFORCEMENT OF LAWS AND REGULATIONS THAT PROTECT HEALTH AND ENSURE SAFETY THE ASSESSMENT ALSO REVEALED IMPORTANT AREAS FOR PERFORMANCE IMPROVEMENT, INCLUDING -MOBILIZING COMMUNITY PARTNERSHIPS TO IDENTIFY AND SOLVE HEALTH PROBLEMS -DEVELOPING COMMUNITY HEALTH IMPROVEMENT PROCESSES-USING CURRENT TECHNOLOGY TO MONITOR, MANAGE AND COMMUNICATE POPULATION HEALTH DATA-THE ASSESSMENT PROCESS CAN SERVE AS THE FOUNDATION TO FORMALIZE PROCESSES THAT STRENGTHEN LOCAL PUBLIC HEALTH SYSTEM INFRASTRUCTURE WITH THE CAPACITY AND RESOURCES TO IMPROVE QUALITY AND EFFECTIVENESS OF HEALTHCARE SERVICES IN VIGO COUNTY</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 UHI USES A VARIETY OF TOOLS TO EDUCATE PATIENTS ABOUT THEIR ELIGIBILITY FOR FINANCIAL ASSISTANCE SIGNS ARE DISPLAYED IN THE ADMITTING AREAS, BROCHURES AND THE FINANCIAL ASSISTANCE POLICY IS ATTAINED ON OUR STATEMENTS CLAIMAID IS AVAILABLE OF POINT OF SERVICE ONSITE MEDICAID ELIGIBILITY ADVISOR THAT ASSISTS OUR PATIENTS IN QUALIFYING FOR ANY MEDICAID PROGRAMS ALL OF OUR FINANCIAL COUNSELORS ARE TRAINED AND SCRIPTED TO COMMUNICATE FINANCIAL ASSISTANCE PROGRAMS AND ASSIST IN SETTING UP MEETINGS FOR THE CLAIMAID STAFF FINANCIAL COUNSELORS ARE LOCATED IN THE ADMITTING IN BOTH UNION HOSPITAL EAST AND WEST FACILITIES AND AT UNION CLINTON FACILITY TO ASSIST OUR PATIENTS THIS INCLUDES STAFF THAT CAN SPEAK SPANISH TO ASSIST IN ANY INTERPRETATION FOR A SPANISH SPEAKING PATIENT

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 THE COMMUNITIES SERVED BY UHI REPRESENT A BLENDING OF URBAN AND RURAL PEOPLE TERRE HAUTE AND VIGO COUNTY ARE LARGELY URBAN AND SUBURBAN WITH A POPULATION OF 106,000 THE REMAINING 147,000 PEOPLE SERVED BY UNION ARE LOCATED IN SMALL TOWNS AND RURAL FARMING AREAS THROUGHOUT EIGHT ADDITIONAL COUNTIES SURROUNDING VIGO COUNTY PEOPLE IN VIGO COUNTY ARE MORE RACIALLY DIVERSE WITH 89 5% BEING CAUCASIAN, 7% AFRICAN AMERICAN, 1 6% ASIAN AND 1 5% HISPANIC THE SURROUNDING COUNTIES AVERAGE 96 4% WHITE, 2% AFRICAN AMERICAN AND LESS THAN 1% ASIAN AND HISPANIC POPULATIONS VIGO COUNTY IS YOUNGER WITH AN AVERAGE AGE OF 35 9 COMPARED TO 39 99 IN THE SURROUNDING COUNTIES WITH 14 5% BEING 65 YEARS OF AGE OR OLDER COMPARED TO 13 7% IN VIGO COUNTY REGARDLESS OF LOCATION, MEDIAN HOUSEHOLD INCOMES AVERAGING \$39,250 FALL FAR BELOW THE INDIANA AVERAGE OF \$48,010 AND THE US AVERAGE OF \$52,029 MORE THAN 19% OF VIGO COUNTY RESIDENTS AND 10 3% OF SURROUNDING COUNTY RESIDENTS LIVE IN POVERTY IN VIGO COUNTY, ONE IN FOUR CHILDREN LIVES IN POVERTY VIGO COUNTY RANKS SECOND IN THE STATE IN POVERTY, AND 5TH IN THE STATE IN POVERTY RANK AMONG CHILDREN UNDER THE AGE OF 18 EMPLOYMENT WITHIN VIGO COUNTY INCLUDES A LARGE RETAIL AND RESTAURANT SERVICE SECTOR, HEALTHCARE, HIGHER EDUCATION AND A DIVERSE MANUFACTURING SECTOR UHI IS THE LARGEST EMPLOYER IN TERRE HAUTE THE SURROUNDING COUNTIES OFFER LARGELY AGRICULTURAL AND MINING-BASED EMPLOYMENT WITH MANY RESIDENTS TRAVELING TO VIGO COUNTY FOR EMPLOYMENT OPPORTUNITIES UNEMPLOYMENT IN VIGO COUNTY WAS 9 9% IN 2009, SLIGHTLY LOWER THAN THE STATE AVERAGE AT THAT TIME OF 10 4% A HEALTH NEEDS ASSESSMENT CONDUCTED IN 2006 REVEALED THAT PEOPLE IN THE AREA WITH INCOMES BELOW 200% OF THE POVERTY LEVEL HAD SIGNIFICANTLY HIGHER RATES OF PHYSICAL IMPAIRMENT, DEPRESSION, OBESITY, TOBACCO USE, HIGH BLOOD PRESSURE AND DIABETES THIS POPULATION SEGMENT WAS FAR LESS LIKELY TO ENGAGE IN REGULAR PHYSICAL ACTIVITY WHILE OVERALL RATES OF TOBACCO USE IN THE AREA WERE SLIGHTLY LOWER (20%) THAN THE STATE AVERAGE (24 9%), THE DEMOGRAPHIC SEGMENT WITH THE LARGEST TOBACCO USE WAS WOMEN OF CHILDBEARING AGE AT 24 8% ACCESS TO HEALTH CARE IS A CHALLENGE FOR THOSE IN RURAL AREAS WHO OFTEN MUST TRAVEL TO TERRE HAUTE OR ELSEWHERE FOR MEDICAL CARE AND CHRONIC DISEASE MANAGEMENT</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 SEE SCHEDULE O

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 THE ORGANIZATION IS PART OF AN AFFILATED HEALTH CARE SYSTEM TO PROVIDE VISION AND STRATEGIC DIRECTION IN THE FORMATION OF A REGIONAL HEALTH CARE SYSTEM TO EXPAND AND IMPROVE THE DELIVERY OF HEALTH CARE SERVCIES IN ORDER TO MEET THE HEALTH CARE NEEDS OF RESIDENTS IN THE SYSTEM'S SERVICE AREA

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

Additional Data

Software ID:

Software Version:

EIN: 35-0876396

Name: UNION HOSPITAL INC

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest)	
How many non-hospital facilities did the organization operate during the tax year? <u>13</u>	
Name and address	Type of Facility (Describe)
CLARA FAIRBANKS CENTER FOR WOMEN 1711 N 6 1/2 ST HUX CANCER CTR 3RD FLOOR TERRE HAUTE,IN 47804	MAMMOGRAPHY CENTER
CLAY CITY CENTER FOR FAMILY MEDICINE 315 LANKFORD ST PO BOX 96 CLAY CITY,IN 47841	FAMILY MEDICINE CENTER
IMAGING SERVICES - THOMAS PROF PLAZA 5500 S US HWY 41 TERRE HAUTE,IN 47802	OUTPATIENT THERAPY & IMAGING CENTER
PEDIATRIC THERAPY SERVICES 450 8TH AVE TERRE HAUTE,IN 47804	OUTPATIENT THERAPY CENTER
PROVIDENCE MEDICAL GROUP CATH LAB 2723 S 7TH ST TERRE HAUTE,IN 47802	OUTPATIENT CATH LAB
PROVIDENCE MEDICAL GROUP CHEMO THERAPY 2723 S 7TH ST TERRE HAUTE,IN 47802	CHEMO THERAPY/INFUSION CENTER
THERAPY SERVICES (UPA BONE & JOINT) 1725 N 5TH ST TERRE HAUTE,IN 47804	OUTPATIENT THERAPY CENTER
THERAPY SERVICES - PROFESSIONAL PLAZA 4001 E WABASH AVENUE TERRE HAUTE,IN 47803	OUTPATIENT THERAPY CENTER
THERAPY SERVICES - ST MARY OF THE WOODS ONE SISTER OF PROVIDENCE ST MARY OF THE WOOD,IN 47876	OUTPATIENT THERAPY CENTER
UNION FAMILY MEDICINE EAST 4001 E WABASH AVENUE TERRE HAUTE,IN 47803	FAMILY MEDICINE CENTER
UNION HOSPITAL FAMILY MEDICINE CENTER 1513 N 6 1/2 ST TERRE HAUTE,IN 47807	FAMILY MEDICINE CENTER
UNION HOSPITAL HUX CANCER CENTER 1711 N 6 1/2 ST TERRE HAUTE,IN 47804	CANCER CARE CENTER
WABASH VALLEY SURGERY CENTER 1421 N 7TH ST TERRE HAUTE,IN 47807	SURGERY CENTER

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - |

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

DLN: 93493198009572

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes

☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. 

☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) VIGO COUNTY SCHOOL CORPORATIONPO BOX 3703 TERRE HAUTE,IN 47803	35-6007261		22,000				GENERAL DONATION
(2) TERRE HAUTE BOYS & GIRLS CLUB220 NORTH THIRD ST TERRE HAUTE,IN 47807	35-0868182	501C3	5,000				GENERAL DONATION
(3) RURAL HEALTH INNOVATION COLLABORATIVE INC1606 N 7TH STREET TERRE HAUTE,IN 47804	27-1374208	501C3	0	28,632	FMV	DONATION OF OFFICE SPACE	DONATION OF RENTAL OFFICE SPACE TO ORGANIZATION TO FURTHER ITS EXEMPT PURPOSE
(4) AMERICAN CANCER SOCIETY250 WILLIAMS STREET NW ATLANTA,GA 30303	13-1788491	501C3	5,000	20,006	FMV	DONATION OF ADVERTISING SPACE	PROVIDING ADVERTISING SPACE FREE OF CHARGE

2

Enter total number of section 501(c)(3) and government organizations

3

3

Enter total number of other organizations

0

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Use Schedule I-1 (Form 990) if additional space is needed.

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

Part IV

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS TO ENTITIES IN THE UNITED STATES GRANTS ARE PROVIDED TO 501(C)(3) PUBLIC CHARITIES AND LOCAL SCHOOL CORPORATION FOR GENERAL SUPPORT UNION HOSPITAL DOES NOT MONITOR THE USE OF THESE FUNDS BY THESE PUBLIC CHARITIES

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization UNION HOSPITAL INC	Employer identification number 35-0876396
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Part I

Questions Regarding Compensation

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

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

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

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DAVID DOERR	(i)	279,034	0	17,730	1,396	18,915	317,075	0
	(ii)	0	0	0	0	0	0	0
(2) SCOTT TEFFETELLER	(i)	245,820	0	41,344	4,954	21,373	313,491	0
	(ii)	0	0	0	0	0	0	0
(3) WAYNE HUTSON	(i)	205,012	0	32,342	5,105	15,139	257,598	0
	(ii)	0	0	0	0	0	0	0
(4) CAROL ROESCH	(i)	141,189	0	29,672	3,904	15,635	190,400	0
	(ii)	0	0	0	0	0	0	0
(5) KYM PFRANK	(i)	153,216	0	25,500	3,768	15,257	197,741	0
	(ii)	0	0	0	0	0	0	0
(6) SALLY ZUEL	(i)	136,704	0	21,197	3,628	8,326	169,855	0
	(ii)	0	0	0	0	0	0	0
(7) RONALD LEACH	(i)	183,584	0	16,500	0	0	200,084	0
	(ii)	0	0	0	0	0	0	0
(8) NABIL MNAYARJI	(i)	695,821	0	147,100	7,350	23,128	873,399	0
	(ii)	0	0	0	0	0	0	0
(9) LINGAN SIDDA	(i)	437,782	0	587,538	6,891	16,039	1,048,250	0
	(ii)	0	0	0	0	0	0	0
(10) PRADEEP NAROTAM	(i)	496,819	0	353,081	5,895	22,129	877,924	0
	(ii)	0	0	0	0	0	0	0
(11) RAMESH TANK	(i)	429,003	0	572,598	7,350	23,129	1,032,080	0
	(ii)	0	0	0	0	0	0	0
(12) SANJAY PATHAK	(i)	429,999	0	417,513	6,334	22,123	875,969	0
	(ii)	0	0	0	0	0	0	0
( 13 )								
( 14 )								
( 15 )								
( 16 )								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	COUNTY CLUB OF TERRE HAUTE DUES WERE PAID FOR THE CFO DURING THE YEAR. THE COUNTY CLUB DUES FOR THE COO AND CEO WERE CANCELLED DURING THE FIRST QUARTER OF THE FISCAL YEAR.
	PART I, LINE 7	THE ORGANIZATION PROVIDES NON-FIXED PAYMENTS TO SEVERAL INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A. THESE NON-FIXED PAYMENTS ARE BASED ON THE ORGANIZATION'S ABILITY TO PAY AND ARE NOT CONSTRUED AS A CONTRACT BETWEEN UNION AND ITS EXECUTIVES. THE EXECUTIVE BONUS PLAN IS A MIXTURE OF OBJECTIVES, STANDARDS, AND SUBJECTIVE STANDARDS THAT BOTH THE POLICY AND THE IMPLEMENTATION OF THE POLICY BY THE PERSONNEL COMMITTEE AND THE BOARD OF DIRECTORS APPROVES AND AWARDS DEPENDING ON UNION'S ABILITY TO PAY. THERE IS NO AUTOMATIC RIGHT TO A BONUS OR A SPECIFIC BONUS AMOUNT EVEN IF ALL CRITERIA ARE MET. THE PERFORMANCE MEASURE PLAN IS LINKED TO THE UNION STRATEGIC AND FISCAL-YEAR BUSINESS PLANNING PROCESS. THE PLAN IS INTENDED TO FOCUS PARTICIPANTS' ATTENTION ON MISSION-CRITICAL GOALS AND KEY STRATEGIC PRIORITIES. THE PLAN IS ALSO INTENDED TO ENHANCE THE PERFORMANCE OF UNION EXECUTIVES AND THE ORGANIZATION PRIOR TO THE START OF THE FISCAL YEAR AND AS PART OF THE BUSINESS PLANNING PROCESS, THE UNION PRESIDENT AND CEO WILL FINALIZE A LIST OF GOALS, WEIGHTS, AND MEASURES TO BE USED TO ASSESS PERFORMANCE DURING THE FISCAL YEAR. THE LIST IS PRESENTED TO AND DISCUSSED WITH THE COMMITTEE. THE COMMITTEE REVIEWS AND APPROVES THE BONUS PLAN GOALS, WEIGHTS, AND MEASURES. ORGANIZATION GOALS WILL BE ASSIGNED TO EACH PARTICIPANT HOSPITAL-WIDE. IN ADDITION TO HOSPITAL-WIDE GOALS, INDIVIDUAL AND/OR FUNCTIONAL/DEPARTMENT GOALS MAY OR MAY NOT BE INCLUDED. AFTER THE CONCLUSION OF EACH FISCAL YEAR, THE PRESIDENT & CEO WILL PREPARE AN ANNUAL BONUS PLAN REPORT FOR THE COMMITTEE. THE REPORT CONTAINS AN APPRAISAL OF UNION AND HOSPITAL/OPERATING UNIT PERFORMANCE DURING THE RECENTLY-COMPLETED FISCAL YEAR, AND THE PRESIDENT & CEO'S RECOMMENDED PAYOUT FOR EACH PLAN PARTICIPANT. THE BONUS RECOMMENDATIONS FOR ALL SR MANAGEMENT ARE RECEIVED AND REVIEWED FIRST BY THE PERSONNEL COMMITTEE WHO THEN MAKE DECISIONS AND SUBMIT TO THE BOARD TO VOTE. THE COMMITTEE WILL DETERMINE AND SUBMIT THE PAYOUT FOR THE PRESIDENT & CEO TO THE BOARD OF DIRECTORS WHO, ABSENT THE PRESIDENT & CEO, WILL VOTE ON APPROVAL. AWARD DETERMINATIONS ARE CALCULATED AS PERCENTAGES OF PARTICIPANT'S SALARIES PAID FOR TIME WORKED DURING THE FISCAL YEAR. PAYOUTS FOR PRESIDENT IS 0% TO 30%, CFO & COO ARE 0% TO 25%, AND OTHER EXECUTIVES ARE 0% TO 20%. THE EXECUTIVE BONUS PLAN PAYOUTS ARE TO BE PAID WHEN DETERMINED BY THE PERSONNEL COMMITTEE, SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS.
SUPPLEMENTAL INFORMATION	PART III	FORM 990, PART VII, SECTION A, TITLES FOR DOERR AND TEFFETELLER. OCTOBER 1, 2010. DAVID DOERR BECAME AN EMPLOYEE OF UNION HEALTH SYSTEM, THE SOLE MEMBER OF UNION HOSPITAL. UNION HOSPITAL CONTINUES TO PAY WAGES TO MR. DOERR, HOWEVER, HIS WAGES ARE ALLOCATED TO UNION HEALTH SYSTEM FOR HIS SERVICES TO THE UNION HEALTH SYSTEM. MR. DOERR WAS PRESIDENT/CEO FOR UNION HOSPITAL FROM SEPTEMBER 1 - 30, 2010. BEFORE SCOTT TEFFETELLER BECAME PRESIDENT/CEO FOR UNION HOSPITAL ON OCTOBER 1, 2010.

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A HOSPITAL AUTHORITY OF VIGO COUNTY (REVENUE BONDS SERIES 2007)	35-1656988	926742BY2	07-12-2007	176,052,475	CONSTRUCT NEW HOSPITAL BUILDING		X		X		X
B HOSPITAL AUTHORITY OF VIGO COUNTY	35-1656988	926742CF2	03-02-2011	53,989,054	CAPITAL ASSET RENOVATION/CONSTRUCTION, REFUNDING OF BONDS		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	176,052,475		53,989,054					
4	Gross proceeds in reserve funds	15,716,590		5,504,000					
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	2,151,525		1,078,426					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	158,184,360		17,009,396					
11	Other spent proceeds	30,397,232		30,397,232					
12	Other unspent proceeds								
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
SERIES 2011 BONDS PURPOSE DETAIL		THE PROCEEDS FROM THE SALE OF THE SERIES 2011 BONDS, TOGETHER WITH CERTAIN OTHER MONEYS, WILL BE USED TO (I) FINANCE THE COST OF CONSTRUCTING, ACQUIRING, EQUIPPING OR RENOVATING CERTAIN CAPITAL ASSETS OF THE CORPORATION,(II) REFUND THE INDIANA HEALTH FACILITY FINANCING AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2002 AND THE INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2006A, (III) FUND A DEBT SERVICE RESERVE FUND FOR THE SERIES 2011 BONDS, AND (IV) PAY A PORTION OF THE COST OF ISSUANCE OF THE SERIES 2011 BONDS

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

OMB No 1545-0047  
**2010**  
Open to Public Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ \$ \_\_\_\_\_

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ \$ \_\_\_\_\_

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total . . . . . ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

**Part IV**

**Business Transactions Involving Interested Persons.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PHYSICIAN GROUP	SEE PART V BELOW	34,720	SEE PART V		No
(2) FOREST SHERER INC	SEE PART V BELOW	988,746	SEE PART V		No
(3) AP&S CLINIC NORTH SIDE	SEE PART V BELOW	5,436,588	SEE PART V		No
(4) BUNCH NURSERIES INC	SEE PART V BELOW	142,337	SEE PART V		No

**Part V**

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

Identifier	Return Reference	Explanation
		(A) NAME OF PERSON PHYSICIAN GROUP(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION ROBERT HAERR IS A UNION HOSPITAL BOARD MEMBER AND PHYSICIAN GROUP MEMBER (D) DESCRIPTION OF TRANSACTION THE PHYSICIAN GROUP PROVIDES ONCOLOGY SERVICES TO THE HOSPITAL ON AN ARMS LENGTH BASIS (A) NAME OF PERSON FOREST SHERER, INC(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION JOHN LUKENS IS THE UNION HOSPITAL BOARD CHAIRMAN AND PRESIDENT OF FORREST SHERER, INC (D) DESCRIPTION OF TRANSACTION THE HOSPITAL PURCHASES INSURANCE FROM THE INDEPENDENT INSURANCE AGENCY ON AN ARMS LENGTH BASIS (A) NAME OF PERSON AP&S CLINIC NORTHSIDE(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION ANNA ZIMMERMAN IS A UNION HOSPITAL BOARD MEMBER AND MEDICAL DOCTOR FOR AP&S CLINIC NORTHSIDE(D) DESCRIPTION OF TRANSACTION THE HOSPITAL HAS A CONTRACTUAL ARRANGEMENT FOR SERVICES WHICH ARE PROVIDED ON AN ARMS LENGTH BASIS A) NAME OF PERSON BUNCH NURSERIES, INC (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION ENTITY IS MORE THAN 35% OWNED BY HUSBAND OF CINDY MARTIN, UNION BOARD MEMBER(D) DESCRIPTION OF TRANSACTION ENTITY PROVIDED SERVICES TO THE HOSPITAL

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

Department of the Treasury  
Internal Revenue Service

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

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

OMB No 1545-0047

**2010**

**Open to Public  
Inspection**

<b>Name of the organization</b> UNION HOSPITAL INC	<b>Employer identification number</b> 35-0876396
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Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4		THE ORGANIZATION MADE SIGNIFICANT CHANGES TO ITS ARTICLES OF INCORPORATION AND BYLAWS FOR THE PERIOD ENDING 8/31/2011 THE SIGNIFICANT CHANGE TO THE ARTICLES OF INCORPORATION IS TO CHANGE THE MEMBERSHIP TO ONE MEMBER, UNION HEALTH SYSTEM, INC , AN INDIANA NONPROFIT, TAX EXEMPT CORPORATION THE SIGNIFICANT CHANGES TO THE BY LAWS ARE TO UPDATE ARTICLE II, SECTION 2 FOR THE POWERS RESERVED TO THE MEMBER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		UNION HOSPITAL HAS ONE MEMBER, UNION HEALTH SYSTEM, INC , AN INDIANA NONPROFIT, TAX EXEMPT CORPORATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE ORGANIZATION'S MEMBER MAY APPOINT THE HOSPITAL BOARD DIRECTORS WITH THE RECOMMENDATION OF THE HOSPITAL'S BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		GOVERNING BODY DECISIONS SUBJECT TO APPROVAL BY THE MEMBER INCLUDE 1 MISSION AND VISION STATEMENT CHANGES, 2 CHANGES TO THE GOVERNING DOCUMENT, 3 APPROVAL AND REMOVAL OF BOARD DIRECTORS, 4 INCURRING DEBT, 5 APPROVAL, SALE, TRANSFER OR SUBSTANTIAL CHANGE IN USE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS, 6 FORMATION OF A SUBSIDIARY, 7 TRANSFER OR ENCUMBRANCE OF THE ASSETS, 8 APPROVAL OF ANNUAL OPERATING BUDGET, CAPITAL PLAN, STRATEGIC PLAN, AND BUSINESS PLAN, 9 APPOINTMENT OF THE CEO, 10 TRANSACTIONS OVER \$250,000, AND 11 APPROVAL OF ANY MANAGEMENT AGREEMENTS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE PROCESS OF REVIEWING THE FORM 990 ENTAILS A DETAILED REVIEW OF THE FORM 990 BY THE ORGANIZATION'S MANAGEMENT. THE GOVERNING BODY REVIEWS AND APPROVES THE FORM 990 AND THE FINAL FORM 990 INCLUDING REQUESTED SCHEDULES, AS ULTIMATELY FILED WITH THE IRS, ARE PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY PRIOR TO FILING.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE WRITTEN CONFLICT OF INTEREST POLICY IS REGULARLY AND CONSISTENTLY MONITORED AND COMPLIANCE ENFORCED BY THE CORPORATE COMPLIANCE OFFICER. THE SCOPE OF THIS POLICY INCLUDES DIRECTORS, OFFICERS, MANAGEMENT, AND EMPLOYEES. THE POLICY IS IN PLACE TO AVOID PERSONAL INTERESTS THAT CONFLICT, OR MAY APPEAR TO CONFLICT, WITH THE BEST INTERESTS OF UNION AND ITS AFFILIATES AND THE COMMUNITIES THEY SERVE. THE COVERED PERSONS ARE TO REFRAIN FROM PERSONAL INTERESTS, DIRECT OR INDIRECT WITH ANY THIRD PARTIES. IT IS THE RESPONSIBILITY OF OFFICERS, MANAGEMENT, AND EMPLOYEES TO SCRUTINIZE THEIR TRANSACTIONS AND OUTSIDE BUSINESS INTERESTS AND RELATIONSHIPS FOR POTENTIAL CONFLICTS AND TO IMMEDIATELY MAKE SUCH DISCLOSURES AND ACT ACCORDINGLY. A SELF-DISCLOSURE FROM COVERED PERSONS TO THE CORPORATE COMPLIANCE OFFICER IS REQUIRED ON ANY POTENTIAL CONFLICTS OF INTEREST. THE COVERED PERSONS ARE TO REFRAIN FROM PARTICIPATING IN ANY DELIBERATION OR DECISIONS ON SUCH TRANSACTIONS. THE CONFLICTS DISCLOSED ARE REVIEWED AND RESOLVED BY THE CORPORATE COMPLIANCE OFFICER.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE PROCESS FOR DETERMINING COMPENSATION UNDER THE BY-LAWS OF UNION HOSPITAL INCLUDES A BOARD OF DIRECTORS PERSONNEL COMMITTEE WHOSE RESPONSIBILITIES INCLUDE IN CHARGE OF DOING THE APPROPRIATE REVIEW OF COMPENSATION FOR THE SR MANAGEMENT TEAM, INCLUDING THE CEO. THEY GATHER INFORMATION AND FOLLOW THE STEPS SET FORTH BELOW AND IN TURN SUBMIT TO THE FULL BOARD OF DIRECTORS THE RECOMMENDATIONS IN TERMS OF COMPENSATION AND BENEFITS FOR THE CEO AND SR MANAGEMENT. THE PERSONNEL COMMITTEE CONSISTS OF INDIVIDUALS WHO ARE DISINTERESTED. THE CEO IS EXCUSED FROM THE MEETING WHEN HIS COMPENSATION/BENEFITS ARE REVIEWED BOTH AT THE PERSONNEL COMMITTEE LEVEL AND THE BOARD LEVEL. NOTE: DURING THE CURRENT FISCAL YEAR, SALARY INCREASES WERE NOT GIVEN TO THE SR MANAGEMENT TEAM INCLUDING THE CEO, AND THUS, AN ANALYSIS OF COMPENSATION WAS NOT COMPLETED. IN FUTURE PERIODS, THIS PROCEDURE WILL RESUME AS STATED IN THIS POLICY. THE STEPS INCLUDE:</p> <ol style="list-style-type: none"> <li>1. THE PERSONNEL COMMITTEE RETAINS AN OUTSIDE INDEPENDENT CONSULTANT TO (1) PROVIDE THE COMMITTEE WITH INFORMATION, AND (2) TO REVIEW THE ACTIONS AND COMPENSATION/BENEFITS TO BE SURE THAT THERE IS NOT EXCESSIVE COMPENSATION. THE CONSULTANT THAT HAS BEEN USED THE PAST THREE (3) YEARS IS SULLIVAN COTTER &amp; ASSOCIATES, INC. UNDER THE PROCESS, SULLIVAN COTTER FIRST IS PROVIDED WITH THE NAMES AND JOB DESCRIPTIONS FOR THE SR MANAGEMENT TEAM THAT IS BEING EVALUATED. THE INDEPENDENT ADVISOR THEN SUBMITS TO THE PERSONNEL COMMITTEE COMPARABLE INFORMATION, SPECIFICALLY &gt; FIVE COMMERCIALLY AVAILABLE EXECUTIVE HEALTH CARE COMPENSATION SURVEYS PREPARED BY INDEPENDENT FIRMS, WERE REFERENCED TO OBTAIN MARKET DATA FOR THIS REVIEW - INTEGRATED HEALTHCARE STRATEGIES 2009 HEALTHCARE EXECUTIVE COMPENSATION SURVEY - INDIANA HOSPITAL &amp; HEALTH ASSOCIATION 2009 COMPENSATION SURVEY REPORT - SULLIVAN, COTTER, AND ASSOCIATES 2009 SURVEY OF MANAGER AND EXECUTIVE COMPENSATION IN HOSPITALS AND HEALTH SYSTEMS - WATSON WYATT DATA SERVICES 2009/2010 HOSPITAL AND HEALTHCARE MANAGEMENT COMPENSATION REPORT - MERCER HUMAN RESOURCE CONSULTING 2009 INTEGRATED HEALTH NETWORKS COMPENSATION SURVEY &gt; MARKET DATA REFLECTING FUNCTIONALLY-COMPARABLE POSITIONS WERE OBTAINED FOR ALL SEVEN EXECUTIVE POSITIONS &gt; DATA WERE ABSTRACTED FOR COMPARABLY-SIZED ORGANIZATIONS AS MEASURED BY NET REVENUE &gt; THE DATA REPORTED REPRESENTED THE 50TH, 75TH, AND 90TH PERCENTILES OF BASE SALARY AND TOTAL CASH COMPENSATION (BASE SALARY PLUS ACTUAL ANNUAL INCENTIVE - ABBREVIATED TCC) &gt; REGIONAL MARKET DATA WERE ALSO COLLECTED FROM THE PUBLISHED COMPENSATION SURVEYS AS WELL AS A SPECIAL CUT OF THE FOLLOWING INDIANA HOSPITALS FROM SULLIVAN COTTER'S 2009 SURVEY OF MANAGER AND EXECUTIVE COMPENSATION IN HOSPITALS AND HEALTH SYSTEMS - BALL MEMORIAL HOSPITAL - REID HOSPITAL &amp; HEALTH CARE SERVICES - BLOOMINGTON HOSPITAL - RILEY HOSPITAL FOR CHILDREN - ELKHART GENERAL HOSPITAL - SAINT JOHN'S HEALTH SYSTEM - GOOD SAMARITAN HOSPITAL - SAINT JOSEPH REGIONAL MEDICAL CENTER - MEMORIAL HOSPITAL OF SOUTH BEND - SAINT MARY'S MEDICAL CENTER - METHODIST HOSPITALS - TERRE HAUTE REGIONAL HOSPITAL - PARKVIEW HOSPITAL &gt; THAT DATA WAS ALSO REPORTED WITH NATIONAL AVERAGE, REGIONAL AVERAGE AND INDIANA AVERAGE.</li> <li>2. THE PERSONNEL COMMITTEE OF UNION HOSPITAL'S BOARD OF DIRECTORS TAKES THE DATA PROVIDED BY THE INDEPENDENT CONSULTANTS AND FOLLOWING A REVIEW OF THE PERFORMANCE OF EACH INDIVIDUAL SUBMITS TO THE FULL BOARD FOR APPROVAL. RECOMMENDATIONS IN TERMS OF SALARIES, BENEFITS, AND BONUSES. FINAL APPROVAL IS BY THE BOARD OF DIRECTORS. THE CEO DOES NOT TAKE PART IN THE DISCUSSION OR ACTION ON HIS SALARY, BENEFITS AND BONUS.</li> <li>3. MINUTES OF THE PERSONNEL COMMITTEE AND THE BOARD MEETINGS ARE CONTEMPORANEOUSLY KEPT AND MAINTAINED WITH THE CORPORATE MINUTE BOOKS.</li> <li>4. FOLLOWING THE ACTION OF THE BOARD OF DIRECTORS THE NEW PROPOSED SALARIES, BENEFITS AND BONUSES ARE SENT TO THE INDEPENDENT CONSULTANT (SULLIVAN COTTER) WHO SUBMITS BACK TO THE PERSONNEL COMMITTEE THEIR OPINION IN TERMS OF THE COMPENSATION BEING REASONABLE IN RELATION TO THE MARKET DATA AND MARKET PRACTICES. THIS REPORT IS ALSO RECEIVED AND REVIEWED BY THE BOARD PERSONNEL COMMITTEE.</li> </ol>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, OR FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
TITLES	PART VII, SECTION A	DAVID DOERR WAS PRESIDENT/CEO OF UNION HOSPITAL, INC UNTIL SEPTEMBER 31, 2010 AT WHICH TIME HE BECAME THE PRESIDENT/CEO FOR UNION HEALTH SYSTEM, INC , A RELATED PARTY COMPENSATION SCOTT TEFFETELLER BECAME PRESIDENT/CEO OF UNION HOSPITAL ON OCTOBER 1, 2010

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	UNREALIZED GAIN ON INVESTMENTS 739,114 CHANGE IN PERMANETLY RESTRICTED NET ASSETS 11,949 CHANGE IN PENSION LIABILITY 3,085,712 TRANSFER TO RELATED PARTY - 12,062,285 TOTAL TO FORM 990, PART XI, LINE 5 -8,225,510

Identifier	Return Reference	Explanation
OVERSIGHT OF AUDIT	PART XII, LINE 2C	THE AUDIT COMMITTEE ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND NO PROCESSES HAVE CHANGED FROM PRIOR YEAR

Identifier	Return Reference	Explanation
	<p>SCHEDULE H, PART VI, LINE 5</p> <p>RICHARD G LUGAR CENTER FOR RURAL HEALTH</p>	<p>RICHARD G LUGAR CENTER FOR RURAL HEALTH THE LUGAR CENTER'S MISSION IS TO ADVANCE RURAL HEALTH THROUGH EDUCATION, INNOVATION AND COLLABORATION THE LUGAR CENTER IS A PART OF UNION HOSPITAL AND ITS FAMILY MEDICINE RESIDENCY PROGRAM DEDICATED TO PREPARING PHYSICIANS TO SERVE IN RURAL COMMUNITIES THIS PROGRAM CONSISTS OF HANDS-ON CURRICULUM FOR FUTURE RURAL HEALTH PROVIDERS BASED ON A UNIQUE HUB-AND-SPOKE STRUCTURE THAT ALLOWS RESIDENTS TO WORK OUT OF THE MAIN HOSPITAL-BASED SITE DURING THEIR FULL THREE YEARS OF TRAINING WHILE STILL GAINING FIRST-HAND RURAL EXPERIENCE AT A FEDERALLY-DESIGNATED RURAL HEALTH CLINIC AND A FEDERALLY QUALIFIED HEALTH CENTER IT HAS DEVELOPED INTO A POLICY AND PROGRAM LEADER WITH THE DEVELOPMENT OF INNOVATIVE METHODOLOGIES TO SUPPORT A WORKFORCE THAT IS WELL-PREPARED TO PROVIDE ACCESS TO QUALITY HEALTH CARE SERVICES IN REMOTE AREAS NATIONALLY AND INTERNATIONALLY IT WAS FIRST ESTABLISHED IN 1993 AS THE MIDWEST CENTER FOR RURAL HEALTH TO PREPARE PRIMARY CARE PHYSICIANS FOR SUCCESSFUL RURAL PRACTICE AND TO EXPOSE INDIVIDUALS NOT YET DECIDED ON A CAREER TO THE REWARDS OF DELIVERING HEALTH CARE IN A RURAL AREA THE CENTER WAS RENAMED IN 2006 TO HONOR U S SENATOR RICHARD G LUGAR A SUPPORTER OF THE CENTER'S MISSION AND AN ADVOCATE FOR THE ADVANCEMENT OF RURAL HEALTHCARE IN 1993, UNION SET UP A MODEL RURAL HEALTH CLINIC AND TRAINING SITE IN CLAY CITY, INDIANA TO PROVIDE MUCH NEEDED HEALTH CARE SERVICES TO A MEDICALLY UNDERSERVED COMMUNITY THIS FEDERALLY DESIGNATED RURAL HEALTH CLINIC (RHC) ALSO PROVIDES A UNIQUE HANDS-ON TRAINING SITE FOR PHYSICIANS ENROLLED IN UNION HOSPITAL'S FAMILY MEDICINE RESIDENCY'S RURAL TRAINING TRACK A MULTIDISCIPLINARY TEAM OF PHYSICIANS, PHYSICIANS ASSISTANTS, NURSE PRACTITIONERS, MENTAL HEALTH COUNSELORS, PSYCHOLOGY INTERNS, AN X-RAY TECHNICIAN, AND AN OPTOMETRIST PROVIDE COMPREHENSIVE CARE TO ALL REGARDLESS OF THE PATIENT'S ABILITY TO PAY THE CLINIC COLLABORATES WITH THE LOCALLY OWNED PHARMACY TO PROVIDE PRESCRIPTION SERVICES TO UNINSURED AND UNDERINSURED PATIENTS USING THE SAME DISCOUNTED SLIDING FEE SCALE USED BY THE CLINIC A VITAL COMPONENT OF THIS CLINIC IS THE 10 MEMBER COMMUNITY ADVISORY BOARD CLAY CITY CENTER FOR FAMILY MEDICINE SERVES AS A MEDICAL HOME FOR APPROXIMATELY 5,000 AREA RESIDENTS, DELIVERING OVER 10,000 VISITS ANNUALLY, IN ADDITION TO HOUSE CALLS AND IN-PATIENT HOSPITAL CARE IN 2001, THE LUGAR CENTER DEVELOPED AND IMPLEMENTED A CHRONIC DISEASE MANAGEMENT PROGRAM AT THE CLINIC THAT IS STILL BEING INTEGRATED INTO CARE PLANS FOR PATIENTS AS APPROPRIATE THIS EVIDENCE BASED PROGRAM INCLUDES FIVE CHRONIC DISEASES-HYPERTENSION, DIABETES MELLITUS, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, CONGESTIVE HEART FAILURE, AND ASTHMA CLAY CITY CENTER FOR FAMILY MEDICINE REACHED CAPACITY AS A TEACHING SITE FOR RESIDENTS AND THERE REMAINS AN ENORMOUS NEED FOR ADDITIONAL PROVIDERS IN THE SMALL COMMUNITIES SURROUNDING UH AS WELL AS CLINICAL TRAINING SITES THEREFORE, THE LUGAR CENTER IS EXPANDED TRAINING CAPACITY FOR FUTURE HEALTH CARE PROVIDERS THROUGH COLLABORATIVE EFFORTS WITH A RURAL UNDERSERVED COMMUNITY IN VERMILION COUNTY THIS PROJECT FOCUSES ON THE COMMUNITY HEALTH CENTER MODEL OR FQHC (FEDERALLY QUALIFIED HEALTH CENTER) THIS MODEL DELIVERY SYSTEM BEGAN WITH A GROUP OF COMMUNITY MEMBERS WHO SERVE AS THE GOVERNING BOARD OF DIRECTORS FOR A COMMUNITY-OWNED HEALTH CARE FACILITY, RECEIVING FEDERAL 330 FUNDS TO PROVIDE SERVICES TO THE UNINSURED LUGAR CENTER WAS INSTRUMENTAL IN WRITING THE APPLICATION FOR A HRSA NEW ACCESS POINT GRANT FOR \$1.6 MILLION FOR THIS COMMUNITY IN SEPTEMBER 2007 THIS SITE SERVES AS AN INTEGRAL TRAINING SITE FOR UH RESIDENTS, IU SCHOOL OF MEDICINE MEDICAL STUDENTS, AND OTHER LEARNERS OUR OPERATING EXPENSES FOR THE FISCAL YEAR 2011 WERE \$1,037,374 THE LUGAR CENTER ALSO RECEIVED FUNDING FROM THE INDIANA STATE DEPARTMENTS OF HEALTH COMMUNITY HEALTH CENTER GRANT \$361,849</p>

Identifier	Return Reference	Explanation
	SCHEDULE H, PART VI, LINE 5 RURAL HEALTH INNOVATION COLLABORATIVE	<p>ON DEC 2, 2008, UNION HOSPITAL'S LUGAR CENTER HELPED LAUNCH A RURAL HEALTH COLLABORATIVE AIMED AT IMPROVING AND EXPANDING HEALTH CARE IN OUR COMMUNITY WHAT BEGAN AS AN INFORMAL EXERCISE IN CREATIVE PROBLEM-SOLVING HAS BECOME THE RURAL HEALTH INNOVATION COLLABORATIVE ( THE RHIC) FOUNDING PARTNERS INCLUDE INDIANA STATE UNIVERSITY (ISU), INDIANA UNIVERSITY SCHOOL OF MEDICINE (IUSM), UNION HOSPITAL AND IT'S RICHARD G LUGAR CENTER FOR RURAL HEALTH (UH), THE TERRE HAUTE ECONOMIC DEVELOPMENT CORPORATION (THEDC), THE CITY OF TERRE HAUTE (THE CITY), AND IVY TECH COMMUNITY COLLEGE WABASH VALLEY (IVY TECH) THE MISSION OF THE RURAL HEALTH INNOVATION COLLABORATIVE (RHIC) IS TO IMPROVE AND EXPAND EDUCATION AND TRAINING OF HEALTH CARE PROFESSIONALS AND FUTURE HEALTH CARE PROFESSIONALS, ESPECIALLY FOR THOSE COMMITTED TO SERVING RURAL AND UNDERSERVED POPULATIONS KEY COMPONENTS OF THIS MISSION INCLUDE TO PROMOTE THE RETENTION OF HEALTH CARE PROFESSIONALS TO SERVE RURAL AND UNDERSERVED POPULATIONS, TO INVITE COMMUNITY REVITALIZATION BY PROMOTING THE ENHANCEMENT OF OPPORTUNITIES FOR EDUCATION, TRAINING, AND EXPERIENCE IN HEALTH-RELATED PROFESSIONS AND FIELDS, TO PROMOTE SOCIAL WELFARE AND TO ENCOURAGE AND COORDINATE COMMUNITY INITIATIVES TO ADDRESS CHALLENGES AFFECTING HEALTH CARE DELIVERY, TO PROMOTE THE EFFICIENT USE OF PUBLIC AND PRIVATE RESOURCES AND COLLABORATE WITH OTHER ENTITIES WITH SIMILAR OR COMPLEMENTARY PURPOSES, TO DESIGN AND IMPLEMENT INNOVATIVE BEST PRACTICES AND STRATEGIES THAT ARE CAPABLE OF REPLICATION IN OTHER AREAS OF THE UNITED STATES, AND TO DISSEMINATE EDUCATIONAL INFORMATION, THEREBY POTENTIALLY OR ACTUALLY BENEFITING THOSE OTHER AREAS A RECENT STUDY COMMISSIONED BY RHIC PARTNERS AND CONDUCTED BY INDIANA UNIVERSITY SCHOOL OF MEDICINE'S BOWEN RESEARCH CENTER, FOUND SHORTAGES IN ALMOST EVERY HEALTH CARE FIELD IN THE WABASH VALLEY THE WABASH VALLEY IS A REGION WITH COUNTIES IN BOTH INDIANA AND ILLINOIS NURSES AND PHYSICIANS TOP THE LIST OF SHORTAGE AREAS THE SURVEY FOUND A NEED FOR 702 TO 827 ADDITIONAL NURSES AND 134 TO 275 PRIMARY CARE PHYSICIANS IN AN 11-COUNTY AREA OF WEST-CENTRAL INDIANA THE ELEVEN COUNTIES INCLUDED IN THIS REGION WERE CLAY, FOUNTAIN, GREENE, MONTGOMERY, OWEN, PARKE, PUTNAM, SULLIVAN, VERMILLION, VIGO, AND WARREN SIGNIFICANT SHORTAGES WERE ALSO FOUND IN MENTALHEALTH COUNSELORS, PHYSICAL THERAPISTS, PHARMACISTS, SOCIAL WORKERS, HEALTH EDUCATORS, SPEECH PATHOLOGISTS, PHYSICIAN ASSISTANTS AND PSYCHOLOGISTS IN MORE THAN THREE FOURTHS OF THE PROFESSIONS ANALYZED THE STUDY PROJECTS THAT BY 2016 THE NUMBER OF HEALTH CARE PROVIDERS PER 100,000 RESIDENTS WILL BE LOWER IN THE WABASH VALLEY THAN STATEWIDE ADDITIONALLY THE STUDY FOUND A NEED FOR INCREASED ACCESS TO EDUCATION PROGRAMS, EXPANDING EXISTING PROGRAMS AND MAKING NEW PROGRAMS AVAILABLE RHIC LEADERS ENVISION TACKLING THE CURRENT AND WORSENING HEALTH CARE WORKER SHORTAGES THROUGH INNOVATIONS AND COLLABORATIONS IN HEALTH CARE EDUCATION ACROSS THE PARTNERSHIP THE PARTNERS ARE FOCUSED NOT JUST ON INCREASING NUMBERS OF STUDENTS AND EDUCATIONAL OPPORTUNITIES, BUT ALSO ON TRANSFORMING OUR TRADITIONAL EDUCATION MODEL TO ENSURE AN OPTIMALLY PREPARED WORKFORCE, RESULTING IN IMPROVED ACCESS TO CARE AND PATIENT OUTCOMES THERE ARE SEVERAL CHALLENGES TO MINIMIZING THE HEALTH CARE WORKFORCE SHORTAGES IN RURAL WEST-CENTRAL INDIANA AND THROUGHOUT THE NATION ONE OF THE BIGGEST CHALLENGES IS CHANGING THE EDUCATIONAL METHODOLOGY WHEN TRAINING FUTURE HEALTH CARE PROVIDERS TRADITIONALLY, OUR WORKFORCE IS EDUCATED IN "SILOS", RATHER THAN IN INTERPROFESSIONAL TEAMS EVEN A QUICK REVIEW OF THE LITERATURE REVEALS QUALITATIVE AND QUANTITATIVE EVIDENCE SUGGESTING THE NEED TO CHANGE THE METHODS THAT HAVE HISTORICALLY BEEN UTILIZED TO TRAIN HEALTH PROFESSIONALS YET, THIS IS NOT AN EASY TASK THE RHIC PARTNERS HAVE BEGUN TO ADDRESS THIS CHALLENGE BY EMBRACING INTERPROFESSIONAL EDUCATION (IPE) AS A MAJOR FOCUS OF THE RHIC ONE IMPORTANT COMPONENT OF THE RHIC'S IPE INITIATIVE IS TO DEVELOP A COLLABORATIVE CURRICULUM WHERE STUDENTS FROM MULTIPLE HEALTH CARE PROFESSIONS LEARN TOGETHER AS A PART OF THIS EFFORT, THE RHIC IMPLEMENTED A COLLABORATIVE SIMULATION CENTER FOR INTERPROFESSIONAL EDUCATION AND TRAINING THE PRIMARY PURPOSE OF THE RHIC SIMULATION CENTER IS DEDICATED TO ENHANCING HANDS-ON EDUCATIONAL OPPORTUNITIES FOR TEAMS OF FUTURE HEALTH CARE PROFESSIONALS, PARTICULARLY THOSE PREPARING TO PRACTICE IN RURAL AREAS THE CENTER ENSURES A ROBUST, WELL-PREPARED TEAM OF HEALTH CARE PROFESSIONALS WHO PROVIDE ENHANCED ACCESS TO QUALITY CARE IN RURAL COMMUNITIES IN ADDITION TO MORE AND BETTER PREPARED HEALTH CARE PROFESSIONALS THIS COLLABORATIVE LEADS TO ADDITIONAL CUTTING-EDGE TRAINING AND RESEARCH FACILITIES, AS WELL AS SUPPORT FOR BUSINESS AND HEALTH CARE SERVICE EXPANSION THIS OUTCOME LEADS THE WAY FOR NEIGHBORHOOD REVITALIZATION AND ECONOMIC DEVELOPMENT IN TERRE HAUTE AND IN SURROUNDING RURAL, UNDERSERVED COMMUNITIES THE RHIC COLLABORATIVE INCLUDE</p>

Identifier	Return Reference	Explanation
	SCHEDULE H, PART VI, LINE 5 RURAL HEALTH INNOVATION COLLABORATIVE	<p>DES URBAN AND RURAL PARTNERS AS WELL AS PRIVATE, PUBLIC AND GOVERNMENT PARTNERS THE LEADERS OF EACH PARTNER ORGANIZATION BRING MULTIPLE RESOURCES AND EXPERTISE TO THE COLLABORATIVE AND PROVIDE GUIDANCE AS A PART OF A ROBUST BOARD OF DIRECTORS COMMITTEES OF THE BOARD MANAGE ACTIVITIES IN COMMUNICATIONS, EDUCATION, FACILITIES, FINANCE, ECONOMIC DEVELOPMENT AND RESOURCE DEVELOPMENT AD-HOC COMMITTEES ARE CREATED AS NEEDED FOR TARGETED STUDY AND WORK THROUGH THIS ROBUST COLLABORATIVE--INCLUDING THROUGH THE SHARING OF RESOURCES AMONG URBAN, RURAL, GOVERNMENT, PUBLIC AND PRIVATE ENTITIES THAT ARE ALL REPRESENTED WITHIN THE RHIC--WE ARE IMPROVING EFFICIENCIES, CREATING AND IMPLEMENTING INNOVATING ADVANCES IN CURRICULUM AND TRAINING FOR INTERPROFESSIONAL TEAMS OF PROVIDERS, AND ENSURING LONG-TERM RESULTS TO WARD IMPROVED ACCESS TO QUALITY HEALTH CARE IN ALL OF OUR COMMUNITIES, ESPECIALLY INCLUDING OUR SURROUNDING RURAL COMMUNITIES NO COLLABORATION EVER COMES EASILY YET, IT IS THROUGH COLLABORATION THAT WE ARE ABLE TO ACHIEVE THE MOST RHIC MEMBERS HAVE HIRED A FULL-TIME DIRECTOR TO ASSIST WITH THOUGHTFULLY BUILDING A SOLID FOUNDATION FOR THE RHIC COLLABORATIVE, INCLUDING THROUGH THE CREATION OF FORMAL BYLAWS AND OTHER GOVERNING MECHANISMS TOWARD THIS END, IN DECEMBER 2009, THE RHIC WAS FORMALLY RECOGNIZED BY THE IRS AS A 501(C)(3) NON PROFIT ENTITY RHIC MEMBERS COME TOGETHER MONTHLY FOR INTENSE MEETINGS DURING WHAT HAS COME TO BE KNOWN AS "RHIC WEEK" EACH MONTH THE BOARD IS MADE UP OF MEMBERS FROM THE HIGHEST LEVELS OF LEADERSHIP FROM EACH OF THE PARTNER ENTITIES IN ADDITION TO RHIC COMMITTEE MEMBERS MEETING MONTHLY, THESE LEADERS ARE ALSO COMING TOGETHER ON A CONTINUOUS, CONSISTENT BASIS THIS SHARING OF TIME TO REVIEW VISION DOCUMENTS AS WELL AS THE MOST MUNDANE DOCUMENTS, HAS BEEN INVALUABLE IN TERMS OF MOVING THE COLLABORATIVE FORWARD TOWARD ITS ULTIMATE GOAL OF ENSURING A ROBUST WORKFORCE AND ENVIRONMENT TO BE ABLE TO PROVIDE LONG-TERM, SUSTAINABLE ACCESS TO QUALITY HEALTH CARE FUTURE GOALS, AS STATED ABOVE, INCLUDE CREATING A TRULY INNOVATIVE INTERPROFESSIONAL HEALTH CURRICULUM AND TRAINING PROGRAM IN ADDITION TO CREATING A ROBUST INNOVATIVE, LEARNING ENVIRONMENT, THE RHIC MEMBERS ENVISION CREATING A "DISTRICT" THAT CONNECTS UNION HOSPITAL TO THE INDIANA STATE UNIVERSITY CAMPUS IN TERRE HAUTE THIS "NEIGHBORHOOD", ABOUT 270 ACRES, BETWEEN THE UNION HOSPITAL AND ISU CAMPUSES IS A BRIGHTED NEIGHBORHOOD THROUGH THIS ECONOMIC DEVELOPMENT INITIATIVE OF THE RHIC, WE ENVISION CREATING A MIXED-USE LEARN-LIVE-WORK-PLAY DISTRICT THAT INCORPORATES HEALTHY LIVING DESIGN FEATURES AND FOSTERS JOB CREATION AND A CULTURE OF INNOVATION, CONTINUOUS LEARNING AND EXCELLENCE TOWARD THIS END, THE RHIC PARTNERS HAVE HIRED AN ARCHITECTURAL FIRM TO LEAD A MASTER PLANNING PROCESS THAT WILL INVOLVE STAKEHOLDERS FROM ACROSS THE COMMUNITY AND FROM ACROSS DISCIPLINES WE FULLY EXPECT THIS "RHIC DISTRICT" TO BECOME A MODEL IN THE UNITED STATES FOR INNOVATION AND EXCELLENCE CURRENT OPERATING EXPENSES ARE FUNDED THROUGH THE RHIC MEMBER ORGANIZATIONS IN ADDITION, SOME INITIAL FEDERAL AND STATE GRANTS HAVE BEEN SECURED TO BEGIN IMPLEMENTATION FOR EXAMPLE, A \$100,000 GRANT WAS SECURED THROUGH THE HEALTH RESOURCES AND SERVICES ADMINISTRATION TO ESTABLISH THE COLLABORATIVE SIMULATION CENTER IN ADDITION, THE RHIC'S RESOURCE DEVELOPMENT COMMITTEE HAS TAKEN A LEADING ROLE TO BEGIN APPLYING FOR GRANTS TO ASSIST WITH PROGRAM DEVELOPMENT AND IMPLEMENTATION TO MAXIMIZE IMPACT AND FURTHER THE VISION OF PROVIDING A ROBUST HEALTHCARE WORKFORCE THAT IS SUFFICIENT TO MEET ALL OF THE HEALTHCARE NEEDS IN OUR SERVICE AREAS, ESPECIALLY INCLUDING IN OUR RURAL UNDERSERVED COMMUNITIES THROUGHOUT THE WEST-CENTRAL REGION OF INDIANA</p>

Identifier	Return Reference	Explanation
	SCHEDULE H, PART VI, LINE 5 PRE-NATAL CARE FOR INDIGENT POPULATION	<p>UNION HOSPITAL SERVES AS THE COMMUNITY SAFETY NET TO ASSURE THAT PRENATAL AND BIRTH CARE IS AVAILABLE TO ALL PREGNANT WOMEN IN THE WABASH VALLEY REGARDLESS OF FINANCIAL STATUS THROUGH ITS FAMILY MEDICINE CENTER. AS IN MANY AREAS OF HEALTH CARE, FISCAL REALITIES AFFECT SERVICES THAT CAN BE PROVIDED. WE ARE STRIVING TO MAINTAIN AND INNOVATIVELY IMPROVE SERVICES AND OPTIONS FOR THE VULNERABLE AND HIGH-RISK POPULATION WE SERVE. EACH COUNTY THAT WE SERVE HAS A HIGHER PERCENT OF REPORTED PRENATAL SMOKING THAN THE 2005 REPORTED STATE OF INDIANA AVERAGE OF 17.9%. THERE IS A COMBINED AVERAGE OF 27.94% FOR WOMEN FROM THE FIVE COUNTIES THAT WE SERVE. WE STRIVE TO ADDRESS THIS PROBLEM AS WELL AS BREASTFEEDING AND PRENATAL CARE INITIATION IN THE FIRST TRIMESTER. THE MHC IS PROUD TO PROVIDE A MULTIDISCIPLINARY APPROACH TO CARE FROM PHYSICIANS, RESIDENT PHYSICIANS, MIDWIVES, A FAMILY NURSE PRACTITIONER, NURSES, SOCIAL WORKERS, A SONOGRAPHER, AND A SUBSTANCE ABUSE COUNSELOR. REFERRALS ARE MADE TO APPROPRIATE COMMUNITY AGENCIES WITH SERVICES FOR HOUSING, FOOD STAMPS, WOMEN INFANTS AND CHILDREN NUTRITION PROGRAM, ADOPTION RESOURCES, DENTAL, TRANSPORTATION, DOMESTIC ABUSE SUPPORT RESOURCES, MENTAL HEALTH COUNSELING, BEREAVEMENT, CHILD PROTECTION, FAMILY PLANNING, AND BABY SUPPLIES. WE ENROLLED 284 NEW PATIENTS IN THE PAST FISCAL YEAR. 130 OF OUR PATIENTS WERE ASSESSED AS BEING MODERATE TO HIGH RISK SOCIALLY. THE POVERTY RATE IN VIGO COUNTY IN 2010 WAS 19.1%. BECAUSE OF THIS, IT IS APPARENT THAT WOMEN IN OUR AREA ARE IN NEED OF THE SERVICES THAT THE MHC PROVIDES. WE ARE A MEDICAID ENROLLMENT SITE, AND WE PROVIDE CARE ON A SLIDING FEE FOR SERVICE SCALE FOR THOSE WHO ARE NOT ELIGIBLE FOR MEDICAID. FIRST TRIMESTER CARE HAS BEEN INCREASED FROM 77% IN 2007 TO 81% IN 2009. BREASTFEEDING RATES HAVE INCREASED FROM 65.8% IN 2007 TO 69.6% IN 2009. OVER HALF OF OUR CLIENTS WHO SMOKED WHEN THEY BECAME PREGNANT STOPPED SMOKING BY THE TIME THEIR BABIES WERE BORN. WE HAVE RECENTLY STARTED AURICULAR (EAR) ACUPRESSURE AND ACUPUNCTURE IN OUR CLINIC TO ASSIST IN DECREASING SMOKING RATES. WOMEN ARE READY TO BE HELPED DURING PREGNANCY TO DECREASE AND/OR STOP SMOKING. WE HAVE IMPLEMENTED HOME VISITS, EDUCATION, AND AURICULAR THERAPY TO AID IN THIS TRANSITION. WE KNOW THAT WOMEN WANT CONSISTENT CARE AND MANY WANT FEMALE PROVIDERS. WE HAVE THE CARE PROVIDERS TO DO JUST THOSE THINGS. WE PROMOTE AND ASSIST WITH BREASTFEEDING EDUCATION AND SUPPORT. WE ADOPTED AN INCENTIVE PROGRAM TO MOTIVATE WOMEN TO PARTICIPATE IN EDUCATIONAL OPPORTUNITIES AND MAKE POSITIVE BEHAVIOR CHANGES. PATIENTS EARN POINTS FOR KEEPING APPOINTMENTS, CHANGING DIETS, RELEASING ADDICTIONS, AND BREASTFEEDING. THESE POINTS CAN BE EXCHANGED FOR USED CLOTHING AND HOUSEHOLD ITEMS AT THE NONPROFIT STORE RUN BY THE HELPING HANDS ORGANIZATION. BY 2012, WE PLAN TO HAVE OUR FIRST TRIMESTER CARE RATES AT 80% AND OUR BREASTFEEDING AT 70%. THROUGH OUR OPTIONS FOR SMOKING REDUCTION, WE PLAN TO DECREASE THIS RATE TO 98%. UNION HOSPITAL'S PERINATAL SERVICE OFFERS THE ONLY LEVEL III-B NICU IN A SEVENTY-MILE RADIUS. IN FACT, UNION HOSPITAL HAD THE FIRST NICU IN THE STATE WHICH WAS DEVELOPED IN 1964 BY A GROUP OF PEDIATRICIANS. WE CURRENTLY OFFER THE EXPERTISE OF NEONATOLOGISTS WHICH ENABLES US TO CARE FOR THE VERY LOW BIRTH WEIGHT NEONATES TO ANY FULL TERM INFANT THAT MAY REQUIRE MEDICAL INTERVENTIONS. RECENT RENOVATIONS WILL INCREASE THE NICU BEDS FROM NINE TO FIFTEEN. IN 2011 OVER THREE-HUNDRED NEWBORNS WERE ADMITTED FOR CARE. ANY NEWBORN THAT REQUIRES SURGICAL INTERVENTIONS DUE TO A CONGENITAL ANOMALY IS TRANSFERRED TO INDIANAPOLIS. OUR PRIMARY GOAL IS TO CARE FOR THIS VULNERABLE POPULATION IN OUR TECHNOLOGICALLY ADVANCED UNIT SO THAT WE CAN DECREASE ANY UNNECESSARY STRESS TO FAMILIES. ADDITIONALLY, WE HAVE A TRANSPORT TEAM WHO WILL GO TO SEVERAL SURROUNDING COUNTIES TO BRING INFANTS BACK TO UNION'S NICU FOR THE EXPERT MEDICAL AND NURSING CARE. LABOR AND DELIVERY WILL ALSO MOVE TO THE RENOVATED AREA ON JULY 9, 2012. THE NEW 23,300 SQUARE FOOT RENOVATIONS WILL INCREASE THE BIRTHING SUITES FROM THE CURRENT 5 BEDS TO 8. THE TRIAGE AREA WILL EXPAND FROM 3 BEDS TO 9, WITH THE CESAREAN BIRTHING AREA ACQUIRING AN ADDITIONAL ROOM FOR A TOTAL OF TWO. IN 2011 THERE WERE 1600 BIRTHS AND APPROXIMATELY THE SAME NUMBER OF OUTPATIENTS. WE PROVIDE ALL OPTIONS FOR THE PREGNANT WOMAN TO CHOOSE IN HOW SHE WOULD LIKE TO BIRTH HER NEWBORN--FROM HIGH TOUCH WITH NO PAIN MEDICATION TO HIGH TECH WHERE SHE CAN HAVE AN EPIDURAL. THE NEW BIRTHING SUITES WILL HAVE SHOWERS WHERE ONE CAN USE HYDROTHERAPY FOR ANY LABORING DISCOMFORT. WE MAKE EVERY EFFORT TO KEEP MOTHER AND NEWBORN TOGETHER FROM BIRTH TO DISCHARGE AND INITIATE BREAST FEEDING WITHIN THE FIRST HOUR OF LIFE. THERE ARE LACTATION CONSULTANTS TO ASSIST WITH BREAST FEEDING DURING THE HOSPITALIZATION AND A "STORK SHOP" WHERE ELECTRIC BREAST PUMPS, BRAS, AND SUPPLIES CAN BE PURCHASED. PRENATAL CLASSES ARE ALSO OFFERED TO THOSE NEWLY PREGNANT FAMILIES AND FOR ANYONE WHO</p>

Identifier	Return Reference	Explanation
	SCHEDULE H, PART VI, LINE 5 PRE-NATAL CARE FOR INDIGENT POPULATION	O NEEDS A REFRESHER

Identifier	Return Reference	Explanation
	SCHEDULE H, PART VI, LINE 5 ST ANN MEDICAL CLINIC	FOUNDED IN SEPTEMBER 1997 TO PROVIDE COMPREHENSIVE OUTPATIENT MEDICAL CARE FOR THE POOR OF VIGO AND SURROUNDING COUNTIES ST ANN MEDICAL CLINIC IS A PROGRAM OF PROVIDENCE SELF SUFFICIENCY MINISTRIES CLIENTS SERVED MUST BE FINANCIALLY AT OR BELOW THE 125% POVERTY LEVEL AS ESTABLISHED BY THE FEDERAL GUIDELINES, MUST HAVE NO INSURANCE AND NO PHYSICIAN, AND BE WITHOUT THE RESOURCES OF MEDICARE OR MEDICAID UNION'S PHYSICIANS, NURSES AND OTHERS PROVIDE VOLUNTEER SERVICE AND LEADERSHIP WITH ONE OF OUR PHYSICIANS SERVING AS MEDICAL DIRECTOR, AND LEADERS SUCH AS THE UNION HOSPITAL FOUNDATION DIRECTOR, THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE HOSPITAL'S LEGAL COUNSEL SERVING ON ITS ADVISORY COMMITTEE HOSPITAL PHYSICIANS AND STAFF PROVIDE THOUSANDS OF VOLUNTEER HOURS TO THE CLINIC EACH YEAR BEGINNING IN 2007, UNION HEALTH SYSTEM PLACED A NURSE PRACTITIONER FULL TIME WITHIN THE CLINIC IN ADDITION, UNION HOSPITAL UH ANNUALLY PROVIDES MORE THAN \$13,000 IN MONETARY SUPPORT AND NEARLY \$150,000 IN IN-KIND SUPPORT IN THE FORM OF FOLLOWUP TESTING AND CARE SINCE 1997, THE CLINIC HAS TALLIED 60,000 CLIENT VISITS WITH NEARLY 20,800 OF THOSE VISITS OCCURRING SINCE FISCAL YEAR 2007 THE CLINIC OPERATES WITH A STAFF OF 105 DEDICATED CORE VOLUNTEERS, INCLUDING DOCTORS, NURSE PRACTITIONERS, NURSES, PHARMACISTS AND CLERICAL SUPPORT THE NUMBER OF UNDERSERVED POOR IN THE VIGO COUNTY AREA IS INCREASING RAPIDLY AS EVIDENCED BY THE INCREASING NUMBERS OF CLINIC VISITS AND DECREASING ECONOMIC OPPORTUNITIES THE CLINIC HAS DECREASED VISITS TO THE ALREADY OVERLOADED HOSPITAL EMERGENCY ROOMS FURTHERMORE INDIVIDUALS AND FAMILIES, WHO HAVE NO OTHER RESOURCES, WOULD TYPICALLY NOT SEEK MEDICAL CARE, THUS RESULTING IN HIGHER INCIDENCES OF MORE SERIOUS MEDICAL CONDITIONS GOING UNTREATED, POORER QUALITY OF LIFE AND INCREASING STRESS ON THE FAMILY

Identifier	Return Reference	Explanation
	SCHEDULE H,PART VI,LINE 5 UNION HOSPITAL CLARA FAIRBANKS CENTER FOR WOMEN	<p>CLARA FAIRBANKS CENTER FOR WOMEN PROVIDES QUALITY CARE AND STATE-OF-THE-ART TECHNOLOGY IN MAMMOGRAPHY SERVICES FOR ALL PATIENTS OF THE WABASH VALLEY AND SURROUNDING COUNTIES WE NOW HAVE THREE LOCATIONS TO SERVE OUR PATIENTS THE MAIN CENTER AT 1711 N 6 1/2 ST , SUITE 300, HUX CANCER CENTER IN TERRE HAUTE, SECOND LOCATION IS SOUTH OF THE CITY AT THOMAS PLAZA, 5500 S US HWY 41, TERRE HAUTE, AND THE THIRD LOCATION AT UNION HOSPITAL CLINTON, 801 S MAIN, CLINTON, IN THE SERVICES PROVIDED INCLUDE DIGITAL MAMMOGRAPHY , BREAST ULTRASOUND, STEREOTACTIC AND ULTRASOUND GUIDED BREAST BIOPSY PROCEDURES, BONE DENSITY SCANS, AND A BOUTIQUE TO SUPPLY SPECIAL GARMENTS FOR PATIENTS WHO HAVE UNDERGONE BREAST SURGERY BECAUSE PERSONALIZED CARE IS AS VITAL A PART OF GUIDING A PATIENT THROUGH BREAST CARE, AS IT IS IMPORTANT TO BE SURE TO TREAT EACH PATIENT AS AN INDIVIDUAL NOT JUST A CANCER DIAGNOSIS, THE CENTER IDENTIFIED THE NEED FOR A PATIENT NAVIGATOR IN 2004 THE PATIENT NAVIGATOR HELPS GUIDE THE PATIENTS AND THEIR FAMILIES THROUGH THE SOMETIMES-OVERWHELMING PROCESS OF A BREAST CANCER DIAGNOSIS AND TREATMENT SHE IS ABLE TO ACCOMPLISH THIS BY MAKING HERSELF AVAILABLE TO ANSWER QUESTIONS, SCHEDULE APPOINTMENTS AND COORDINATE REFERRALS THE STAFF EDUCATES THE PATIENTS AND COMMUNITY ABOUT BREAST CARE, AVAILABLE GRANT DOLLARS, AND MAMMOGRAPHY SERVICES THROUGH DIRECT COMMUNICATION WITH THE CENTER, COMMUNITY HEALTH FAIRS AND PUBLIC SPEAKING THE CLARA FAIRBANKS CENTER MEETS ALL STANDARDS SET FORTH BY THE HEALTHCARE FACILITIES ACCREDITATION PROGRAM (HFAP), FEDERAL DRUG ADMINISTRATION (FDA), AMERICAN COLLEGE OF RADIOLOGY (ACR), AND THE REQUIREMENTS SET FORTH BY THE INDIANA STATE DEPARTMENT OF HEALTH THE CENTER IS THE LEADING MAMMOGRAPHY FACILITY IN THE WABASH VALLEY SINCE 1998, THE CENTER HAS BEEN A MAJOR PARTICIPANT IN THE INDIANA BREAST AND CERVICAL CANCER PREVENTION PROGRAM (BCCP), A PROGRAM TO ASSIST INDIGENT WOMEN WITH FUNDING FOR MAMMOGRAPHY SERVICES FOR THE LAST FIVE YEARS, THE CENTER HAS BEEN APPROVED FOR GRANT DOLLARS THROUGH THE INDIANA BREAST CANCER AWARENESS TRUST IN 2010, THE CLARA FAIRBANKS CENTER PROVIDED OVER 17,000 MAMMOGRAPHY SERVICES (BREAST BIOPSIES, ULTRASOUNDS, AND MAMMOGRAMS) THIS SAME YEAR, THE CLARA FAIRBANKS CENTER FOR WOMEN DIAGNOSED 153 WOMEN WITH BREAST CANCER AND ANOTHER 41 THAT WERE HIGH RISK THE WABASH VALLEY BREAST CANCER SURVIVOR ORGANIZATION GAVE DOLLARS IN THE AMOUNT OF \$7,500 00 THIS HELPED WITH THE PURCHASE OF 7 LYMPHEDEMA GARMENTS (WHICH WERE NOT COVERED BY THE PATIENTS INSURANCE) AND ASSISTED 13 WOMEN WITH MAMMOGRAPHY SERVICES THE BCCP GAVE FUNDS FOR APPROXIMATELY 86 MAMMOGRAPHY SERVICES THROUGH A WABASH VALLEY KOMEN FOUNDATION GRANT IN THE AMOUNT OF \$65,000 ANOTHER 203 WOMEN AND ONE MALE WERE ASSISTED WITH ADDITIONAL SERVICES (MOSTLY BREAST BIOPSY PROCEDURES AND DIAGNOSTIC MAMMOGRAPHY) SEVENTY-SIX WOMEN RECEIVED SCREENING MAMMOGRAMS FROM A \$10,000 GRANT FROM INDIANA BREAST CANCER AWARENESS TRUST THESE WERE WOMEN AND MEN WHO MIGHT NOT HAVE RECEIVED THESE SERVICES IF THIS FUNDING HAD NOT BEEN AVAILABLE BREAST CANCER SHOWS NO AGE BOUNDARIES, EARLY DETECTION IS STILL THE BEST PREVENTION WITH EARLIER DIAGNOSIS, THERE IS LESS TREATMENT COST AND BETTER PROGNOSIS FOR THE PATIENT WHILE BCCP IS A WORTHWHILE PROGRAM TO ASSIST INDIGENT WOMEN WITH MAMMOGRAPHY SERVICES, IT ONLY SUPPLIES FUNDING FOR MAMMOGRAPHY SERVICES FOR WOMEN 40 YEARS AND OLDER WE KNOW THAT BREAST CANCER HAS THE POTENTIAL TO GROW MORE RAPIDLY IN YOUNGER WOMEN THEREFORE IT IS OF UTMOST IMPORTANCE TO DETECT THESE CANCERS AT THE FIRST POSSIBLE SIGN SINCE THERE HAS BEEN AN INCREASED NEED FOR FUNDING TO INCLUDE SCREENING, DIAGNOSIS, AND TREATMENT FOR WOMEN UNDER THE AGE OF 40, CLARA FAIRBANKS WILL CONTINUE TO PARTNER WITH ORGANIZATIONS LIKE THE SUSAN G KOMEN FOUNDATION THE CENTER WILL LOOK FOR EVERY OPPORTUNITY TO REQUEST GRANTS TO HELP ASSIST NOT ONLY WOMEN BUT MEN FOR THESE SERVICES THE CENTER WILL CONTINUE TO EDUCATE ABOUT THE IMPORTANCE OF EARLY DETECTION AND FURTHER ENHANCE THE HOSPITAL'S "TEAM APPROACH" FOR BREAST CANCER PATIENTS</p>

Identifier	Return Reference	Explanation
	SCHEDULE H, PART VI, LINE 5 FRANKLIN ELEMENTARY SCHOOL	<p>WHAT BEGAN IN 1983 AS AN INDIANA STATE UNIVERSITY GRADUATE STUDENT'S PROJECT TO LINK LOCAL BUSINESSES WITH ELEMENTARY SCHOOLS HAS BECOME A LONG-STANDING PARTNERSHIP TO ENCOURAGE HEALTHY LIFESTYLES IN ONE OF TERRE HAUTE'S POOREST ELEMENTARY SCHOOLS THE PAIRING OF UNION HOSPITAL WITH BENJAMIN FRANKLIN ELEMENTARY SCHOOL IN TERRE HAUTE HAS PROVEN TO BE A "PERFECT PARTNERSHIP" IN MATCHING THE NEEDS OF STUDENTS WITH STAFF AND VOLUNTEERS FROM THE HOSPITAL FRANKLIN SCHOOL IS LOCATED IN A POOR INNER-CITY NEIGHBORHOOD WHERE 98% OF STUDENTS QUALIFY FOR THE FEDERAL FREE BREAKFAST AND LUNCH PROGRAM THE STUDENT POPULATION IS TRANSIENT, 90% OF STUDENTS WHO BEGIN ELEMENTARY SCHOOL AT FRANKLIN DO NOT FINISH ELEMENTARY SCHOOL AT THE SCHOOL DUE TO INSTABILITY IN THEIR HOME AND FAMILY LIVES FOR MOST, GOOD NUTRITION, HYGIENE AND PHYSICAL FITNESS ARE NOT TAUGHT OR ENCOURAGED IN THE HOME EACH YEAR UNION PROGRAM DIRECTORS MEET WITH THE PRINCIPAL AND TEACHERS FROM THE SCHOOL TO SET CRITERIA AND PLAN THE YEAR'S ACTIVITIES ENGAGING THE CLASSROOM TEACHER IN THE PLANNING AND PREPARATION FOR THESE ACTIVITIES AND WORKING WITH THEM TO INCORPORATE GOOD HEALTH MESSAGES INTO THEIR CURRICULA IS VITAL TO THE PROGRAMS SUCCESS IN 2011 UNION HOSPITAL OFFICIALS DEVELOPED THE UNION HOSPITAL HEALTHY ME PROGRAM FOR FRANKLIN STUDENTS THE PROGRAM TESTS THE STUDENTS HEIGHT, WEIGHT, BLOOD PRESSURE, SIT-UP, SIT AND REACH, BAR HANG AND SHUTTLE RUN THE RESULTS OF EACH TEST ARE RECORDED AND SENT TO THE HOMES OF EACH STUDENT THIS PARTNERSHIP IS FAR FROM ONE-SIDED FOR EACH HOLIDAY, STUDENTS FROM THE SCHOOL MAKE TRAY FAVORS FOR PATIENT MEAL TRAYS TO BRIGHTEN THEIR DAY CAROLERS FROM THE SCHOOL AT CHRISTMAS PROVIDE CHEER TO PATIENTS AND STAFF MORE THAN 350 STUDENTS PARTICIPATE EACH YEAR IN THESE ACTIVITIES GIVEN THE TRANSIENT NATURE OF THIS POPULATION, IT IS DIFFICULT TO MEASURE THE LONG-TERM EFFECTS HOWEVER AT OVER THE YEARS THE HEALTH TESTING OF THE STUDENTS, 3-6 STUDENTS ARE IDENTIFIED WITH SIGNIFICANT HEALTH ISSUES SUCH AS HIGH BLOOD PRESSURE, HIGH BLOOD SUGAR, MALNOURISHMENT OR OBESITY FOLLOW-UP IS DONE WITH FAMILIES TO ENCOURAGE FURTHER MEDICAL EVALUATION AND LINK THEM TO APPROPRIATE SOCIAL SERVICES ANECDOTALLY, NURSES AND OTHER HEALTH PROFESSIONALS HAVE TOLD US OF THE INFLUENCE OUR STAFF HAD IN THEIR DECISION TO BECOME CARE PROVIDERS AS A RESULT OF HEARING THEM AT FRANKLIN SCHOOL WHILE THE SCHOOL HAS HAD THREE PRINCIPLES IN THE LAST 15 YEARS, EACH ONE HAS KEPT THE PROGRAM GROWING AND VIABLE AN AVERAGE OF \$2,000 IS SPENT FROM THE MARKETING BUDGET EACH YEAR ON T-SHIRTS, PRINTING, RIBBONS, BUS TRANSPORTATION AND MEALS STAFF DONATES ABOUT 60 HOURS EACH YEAR FOR THESE ACTIVITIES TO HELP FIGHT CHILDHOOD OBESITY AND TO BETTER COMBAT HEART DISEASE THE FRANKLIN SCHOOL HEALTH PROGRAM UNDERWENT A MAJOR OVERHAUL IN 2011 THE NEW PROGRAM TITLED, UNION HOSPITAL HEALTHY ME AT FRANKLIN ELEMENTARY WILL BE A MORE FORMALIZED PROGRAM THAT WILL INCLUDE PRE AND POST HEALTH TESTING BUILDING ON OUR ADOPTION OF THE PRESIDENTIAL FITNESS CHALLENGE IN FY 2010, THE HEALTHY ME PROGRAM INCLUDES FOLLOW-UP TESTING AT THE END OF THE SCHOOL YEAR IF THE STUDENTS DO NOT EAT HEALTHY AND EXERCISE OUTSIDE OF SCHOOL, THE HEALTHY ME PROGRAM WILL BE LESS IMPACTFUL THUS, THE NEW PROGRAM FEATURED THREE FAMILY DINNER NIGHTS, OFFERING A FREE MEAL AND EDUCATION FROM A UNION HOSPITAL NUTRITIONIST AND FITNESS CENTER SPECIALISTS HEALTHY EATING ON A BUDGET AND AT-HOME-IN-HOME EXERCISE WAS STRESSED TO THE PARENTS</p>

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) IPACS INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 35-1720998	CLINIC MANAGEMENT	IN	298,863	2,051,568	UNION HOSPITAL
(2) UNION ASSOCIATED PHYSICIANS CLINIC INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 27-0581401	PHYSICIAN GROUP	IN	-2,465,813	10,782,740	UNION HEALTH SYSTEM

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) UNION HOSPITAL FOUNDATION  1659 N SEVENTH ST  TERRE HAUTE, IN 47804 35-1642823	FUNDRAISING	IN	501(C)(3)	LINE 11C, III-FI	UNION HOSPITAL	Yes	
(2) UNION HOSPITAL HEALTH SERVICES INC  1606 N SEVENTH ST  TERRE HAUTE, IN 47804 35-1642805	HEALTH SERVICES	IN	501(C)(3)	LINE 9	N/A		No
(3) VISITING NURSE ASSOCIATION OF WABASH VALLEY INC  400 EIGHT AVE  TERRE HAUTE, IN 47804 35-0869064	CHARITABLE HOME HEALTH	IN	501(C)(3)	LINE 7	UNION HOSPITAL FOUNDATION	Yes	
(4) CENTER FOR OCCUPATIONAL HEALTH  4001 WABASH AVE  TERRE HAUTE, IN 47803 35-2118417	OCCUPATIONAL HEALTH SERVICES	IN	501(C)(3)	LINE 7	UNION HOSPITAL	Yes	
(5) UNION HEALTH SYSTEMS  1606 N SEVENTH ST  TERRE HAUTE, IN 47804 27-0581133	MANAGEMENT ORGANIZATION	IN	501(C)(3)	LINE 11B, II	N/A		No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V

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

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h No

1i Yes

1j No

1k Yes

1l No

1m No

1n Yes

1o No

1p Yes

1q No

1r No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) UNION HOSPITAL FOUNDATION	P	354,434	
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

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

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

Identifier	Return Reference	Explanation
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**UNION HOSPITAL INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2011 AND 2010**

*CPAS ADVISORS*



# UNION HOSPITAL INC. AND SUBSIDIARIES

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Blue Cross of Indiana, Inc. and Blue Cross of Michigan, Inc.  
1750 Michigan Avenue, Suite 1000, Detroit, Michigan 48226

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Union Hospital  
Terre Haute, Indiana

We have audited the accompanying consolidated balance sheets of Union Hospital, Inc. and Subsidiaries (the Corporation) as of August 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation as of August 31, 2011 and 2010 and the consolidated results of its operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1 to the consolidated financial statements, the Corporation is part of an affiliated group of entities and has entered into transactions with the group members. The Corporation is also included in the reporting entity, Union Health System, Inc., and the accompanying consolidated financial statements include only the financial position, results of operations, changes in net assets and cash flows of the Corporation.

Board of Directors  
Union Hospital  
Terre Haute, Indiana

Our audit was performed for the purpose of expressing an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic 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 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Blue & Co., LLC*

November 22, 2011

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AUGUST 31, 2011 AND 2010

<b>ASSETS</b>		
	2011	2010
<b>Current assets</b>		
Cash and cash equivalents	\$ 30,851,734	\$ 21,860,231
Funds held by trustee, current portion	9,495,137	7,999,514
Board designated funds, current portion	1,920,497	11,594,606
Patient accounts receivable, net	49,370,995	49,751,712
Other receivables	103,332	277,999
Estimated third party settlements	610,058	2,449,523
Inventories	4,386,794	5,049,617
Prepaid expenses and other current assets	4,366,387	3,672,239
Total current assets	101,104,934	102,655,441
<b>Investments limited as to use, less current portion</b>		
Funds held by trustee	35,640,930	20,075,806
Board designated funds	23,082,881	16,644,377
Permanently restricted	958,445	946,496
Total investments limited as to use	59,682,256	37,666,679
<b>Property and equipment</b>		
Land and improvements	36,075,662	34,992,891
Buildings and fixed equipment	303,802,717	302,031,737
Movable equipment	108,778,840	108,121,126
	448,657,219	445,145,754
Less allowances for depreciation	170,172,589	149,879,627
	278,484,630	295,266,127
Construction in progress	11,882,607	3,817,467
Total property and equipment, net	290,367,237	299,083,594
<b>Other assets</b>		
Due from Union Hospital Foundation, Inc	5,334,560	6,883,219
Deferred financing costs, net	3,260,902	2,431,096
Intangible assets, net	4,651,848	6,120,840
Other assets	350,488	565,208
	13,597,798	16,000,363
Total assets	\$ 464,752,225	\$ 455,406,077

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AUGUST 31, 2011 AND 2010

### LIABILITIES AND NET ASSETS

	2011	2010
<b>Current liabilities</b>		
Accounts payable and other current liabilities	\$ 20,963,832	\$ 22,456,572
Salaries, wages and related liabilities	17,219,558	15,759,874
Accrued interest	7,870,134	5,769,510
Current portion of long-term debt	4,199,893	5,727,439
Total current liabilities	50,253,417	49,713,395
<b>Long-term liabilities</b>		
Long-term debt, less current portion	274,379,897	254,980,986
Deferred revenue	401,447	507,720
Pension liability	10,216,562	14,462,593
Other long-term liabilities	2,174,649	108,332
Total long-term liabilities	287,172,555	270,059,631
Total liabilities	337,425,972	319,773,026
<b>Net assets</b>		
Unrestricted	121,024,721	127,903,141
Temporarily restricted	5,343,087	6,783,414
Permanently restricted	958,445	946,496
Total net assets	127,326,253	135,633,051
Total liabilities and net assets	\$ 464,752,225	\$ 455,406,077

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED AUGUST 31, 2011 AND 2010

	2011	2010
<b>Operating revenue</b>		
Net patient service revenue net of charity care of \$33,138,608 and \$29,411,015, respectively	\$ 413,944,492	\$ 393,953,085
Other revenue	9,096,654	9,035,371
Total operating revenue	423,041,146	402,988,456
<b>Operating expenses</b>		
Salaries and wages	117,447,940	119,920,067
Employee benefits	27,981,720	30,965,206
Supplies and drugs	70,878,130	69,144,157
Physician services	10,360,628	9,055,805
Contract services	64,175,403	69,460,073
Rent and leases	11,725,759	11,653,240
Utilities, supplies, and other	33,439,288	31,606,519
Provision for bad debts	41,961,395	30,784,528
Depreciation and amortization	24,960,978	21,932,655
Interest	13,922,753	8,513,504
Total operating expenses	416,853,994	403,035,754
Income from operations before special charge	6,187,152	(47,298)
<b>Special charge on early retirement</b>	(7,250,873)	-0-
Income from operations after special charge	(1,063,721)	(47,298)
<b>Non-operating gains (losses)</b>		
Investment income	589,620	720,679
Other	10,940	(176,728)
Total non-operating gains	600,560	543,951
Net income	(463,161)	496,653
<b>Other changes in unrestricted net assets</b>		
Pension related changes other than net pension cost	3,085,712	11,086,274
Net unrealized gain on investments	739,114	318,439
Net assets released for property and equipment	1,822,200	3,176,042
Transfers to Union Health System	(12,062,285)	(4,260,000)
Change in unrestricted net assets	(6,878,420)	10,817,408
<b>Temporarily restricted net assets</b>		
Other changes in receivable from Union Hospital Foundation, Inc	381,873	422,231
Net assets released for property and equipment	(1,822,200)	(3,176,042)
Change in temporarily restricted net assets	(1,440,327)	(2,753,811)
<b>Permanently restricted net assets</b>		
Net investment income	11,949	(22,571)
Change in net assets	(8,306,798)	8,041,026
<b>Net assets</b>		
Beginning of year	135,633,051	127,592,025
End of year	<u>\$ 127,326,253</u>	<u>\$ 135,633,051</u>

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2011 AND 2010

	2011	2010
<b>Operating activities</b>		
Change in net assets	\$ (8,306,798)	\$ 8,041,026
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	22,959,367	20,223,971
Amortization	2,001,611	1,708,684
Provision for bad debts	41,961,395	30,784,528
Transfers to Union Health System	12,062,285	4,260,000
Net loss on property disposals	89,712	167,216
Other changes in receivable from Union Hospital Foundation, Inc	(381,873)	(422,231)
Net unrealized gain on investments	(739,114)	(318,439)
Pension related changes other than net periodic pension cost	(3,085,712)	(11,086,274)
Changes in operating assets and liabilities		
Patient accounts receivable	(41,580,678)	(25,545,057)
Other current and noncurrent assets	544,296	2,780,163
Accounts payable and other current liabilities	(1,492,740)	(1,019,194)
Salaries, wages and related liabilities	1,459,684	882,143
Other long-term liabilities	905,998	108,332
Estimated third-party payor settlements	1,839,465	(1,637,955)
Accrued interest	2,100,624	(25,118)
Deferred revenue	(106,273)	(2,388,436)
Net cash flows from operating activities	30,231,249	26,513,359
<b>Investing activities</b>		
Purchases of property and equipment	(14,462,312)	(45,348,626)
Proceeds from sale of equipment and land	345,581	20,627
Purchase of intangible asset	-0-	(7,345,000)
Change in trustee held investments	(17,060,747)	29,891,448
Change in board designated funds and other	3,962,770	(6,618,365)
Net cash flows from investing activities	(27,214,708)	(29,399,916)
<b>Financing activities</b>		
Repayments on long-term debt	(36,361,338)	(6,082,082)
Payment of bond original issue discount	(1,050,947)	-0-
Proceeds from long-term debt	55,067,659	-0-
Other changes in receivable from Union Hospital Foundation, Inc	381,873	422,231
Transfers to Union Health System	(12,062,285)	(4,260,000)
Net cash flows from financing activities	5,974,962	(9,919,851)
Change in cash and cash equivalents	8,991,503	(12,806,408)
<b>Cash and cash equivalents</b>		
Beginning of year	21,860,231	34,666,639
End of year	\$ 30,851,734	\$ 21,860,231
<b>Noncash investing activities</b>		
Issuance of capital leases	\$ 215,991	\$ 4,527,798

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### 1. ORGANIZATION

#### Nature of Operations

Union Hospital, Inc (Corporation) is an Indiana not-for-profit corporation which owns and operates Union Hospital (the Hospital), a 318 staffed-beds, and regional referral center hospital located in Terre Haute, Indiana. The Hospital is a full-service, acute-care hospital with medical-surgical, obstetric, pediatric, coronary care, post-coronary care, intensive care, maximum care, and medical rehabilitation units. Additionally, as the largest hospital in west central Indiana, the Hospital is a referral center for such services as its newborn intensive care unit (Level II), open heart surgery, cardiac rehabilitation clinic, radiology, cardiopulmonary services, and radiation therapy. The Hospital and its related consolidated entities provide comprehensive health care services to the residents of Terre Haute and the surrounding communities, west central Indiana, and east central Illinois through its acute and specialty care facilities and physician medical practices. Union Hospital, Inc is exempt from federal income taxes on related function income pursuant to Section 501(c) (3) and Section 501(a) of the Internal Revenue Code.

The consolidated financial statements include the accounts of the Hospital, Union Hospital Clinton (UHC), IPACS, Inc (IPACS), and the Center for Occupational Health (COH) (collectively, the Corporation and subsidiaries). UHC is a designated Medicare critical access hospital operating as a division of the Corporation. UHC is a 25-bed general, acute care hospital located in Clinton, Indiana. IPACS is a wholly owned, taxable subsidiary engaged in providing collection services to hospitals, hospital physicians, and other health care providers. COH provides work related injury care and other occupational medicine services. All material intercompany accounts and transactions have been eliminated.

During 2010, the Corporation became part of an affiliated group. Union Health System, Inc (UHS), an Indiana not-for-profit corporation, is the sole member of Union Associated Physicians Clinic, LLC (UAPc) and the Corporation. Certain physicians who were members or employees of Associated Physicians and Surgeons (AP&S), an outside and unrelated party (physician practice), became employees of UAPc. AP&S continues to provide certain personnel, equipment, supplies and other administrative support to UAPc. The Corporation has entered into transactions with the affiliated group as is disclosed in Note 3. The Corporation is consolidated into the affiliated group financial statements. These financial statements reflect only the financial position, results of operations, changes in net assets and cash flows of the Corporation.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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The Corporation is also related to various organizations principally through overlapping board membership which does not constitute control. These organizations include Union Hospital Foundation, Inc., Union Hospital Health Services, Inc., and Visiting Nurse Association of the Wabash Valley, Inc. In addition, a majority of all fund-raising activities are conducted by Union Hospital Foundation, Inc. (the Foundation).

Accordingly, unrestricted gifts and bequests received directly by the Corporation are recorded as nonoperating gains, and restricted gifts and bequests received by the Foundation for the benefit of the Corporation are recorded by the Corporation as temporarily restricted net assets until expended by the Corporation for their intended purpose.

### Charity Care and Community Benefit

Patients are provided care regardless of their ability to pay in accordance with charity care policies of the Corporation. These policies define charity care services as those services for which no or reduced payment is anticipated and are based on federal poverty income levels and certain other factors. Such amounts are not reported as revenue. Charity care provided by the Corporation in 2011 and 2010 measured at established rates amounted to \$33,138,608 and \$29,411,015, respectively. The Corporation's charity care policies also extend to services provided by physicians, although records are not maintained for such services provided by the physicians.

The Corporation also provides programs and services to address the needs of the communities it serves, generally at no, or low, cost to those being served. Specific community needs being addressed by the Corporation include, among others, low-weight births and infant mortality, high incidence of, and deaths from, certain diseases and chronic illnesses, underserved populations, adequacy of the supply of physicians and other health care providers, and certain behavioral risk factors. The Corporation's programs and services include, among others, services to low-income women in need of prenatal care, health screenings for underserved women, wellness and injury prevention programs, chronic disease management assistance, educational programs, rural health care access and availability initiatives, transportation services for elderly and low-income patients, and access to support groups for critically and chronically ill patients and their families. Assistance is also provided to senior citizens and other patients and their families for the submission of forms for insurance, financial counseling, and application to the Medicare and Medicaid programs for health service coverage. The Corporation periodically reviews, modifies, and reports on its Community Health Assessment and Plan of Action for the communities served.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Principles of Consolidation

All significant intercompany balances and transactions have been eliminated in consolidation

#### Use of Estimates

The preparation of the consolidated 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, including the allowance for estimated uncollectible accounts and estimated third-party payor settlements, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period and could differ from actual results.

#### Net Patient Service Revenue and Other

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. A summary of the significant payment arrangements with third-party payors follows:

*Medicare* Physician services, inpatient acute care services, and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Critical access hospital services are reimbursed based on cost reimbursement methodologies. Cost reimbursable services are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary.

*Medicaid* Reimbursement for services rendered to Medicaid program beneficiaries are at prospectively determined rates per discharge for inpatient hospital services. Other services are reimbursed based on a combination of cost reimbursement methodologies and prospectively determined rates.

*Other* Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations, preferred provider organizations, and other payors, based on prospectively determined rates per discharge or discount of charges for inpatient hospital services and discount of charges for outpatient services.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is a reasonable possibility that recorded estimated settlements could change by a material amount in the near term.

Management believes that adequate provisions have been made for any adjustments which may result from such final settlements. Differences between prior estimates and subsequent actual settlements are immaterial to these financial statements for 2011 and 2010.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the consolidated statements of operations and changes in net assets follows:

	2011	2010
Inpatient revenue	\$ 505,831,476	\$ 459,501,787
Outpatient revenue	550,762,004	515,932,206
Physician revenue	43,444,326	39,104,914
Gross patient revenue	<u>1,100,037,806</u>	<u>1,014,538,907</u>
Charity care revenue foregone	33,138,608	29,411,015
Contractual adjustments	652,954,706	591,174,807
Total adjustments	<u>686,093,314</u>	<u>620,585,822</u>
Net patient service revenue	<u>\$ 413,944,492</u>	<u>\$ 393,953,085</u>

A summary of gross patient service revenue at established rates by payor source for 2011 and 2010, respectively, is as follows:

	2011	2010
Medicare	47%	48%
Medicaid	16%	14%
Commercial insurance	3%	3%
Other managed care	26%	26%
Self-pay and other	8%	9%
	<u>100%</u>	<u>100%</u>

There is a single insurance provider that constituted 17% of patient service revenue at established rates for the years ended August 31, 2011 and 2010.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding investments limited as to use. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents approximate fair value.

### Patients Accounts Receivable, Estimated Third Party Settlements, and Net Patient Service Revenue

Patients accounts receivable and net patient service revenue are reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered. Net patient service revenue includes estimated retroactive adjustments under reimbursement agreements with certain third-party payors (principally for the Medicare program). Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, adjusted in future periods as final settlements are determined, and are included with estimated receivables from third-party payors.

The Corporation grants credit to patients, substantially all of whom are local residents of the communities served. The Corporation does not generally require credit or other collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, HMOs, and commercial insurance policies). At August 31, 2011 and 2010, net accounts receivable from patients and third party were comprised of the following:

	<u>2011</u>	<u>2010</u>
Medicare	38%	32%
Medicaid	10%	8%
Commercial insurance	6%	5%
Other managed care	34%	42%
Self-pay and other	12%	13%
	<u>100%</u>	<u>100%</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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The allowance for doubtful accounts approximated \$19,000,000 and \$17,000,000 for 2011 and 2010, respectively, and is based on management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy for uncollectible receivables based upon the payor composition and aging of receivables as of the reporting date with consideration of the historical write-off experience by payor category. The results of these reviews are then used to make any modifications to the provision for uncollectible receivables to establish an appropriate allowance for uncollectible receivables. After satisfaction of amounts due from insurance, the Corporation follows established guidelines for placing past-due patient accounts with collection agencies.

### Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market and principally valued using the average cost method.

### Investments Limited as to Use

Investments limited as to use are stated at fair value. The fair value of assets is based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The cost of securities sold is based on the specific identification method. Dividends and interest income and realized gains and losses on sales of investments are recorded as nonoperating gains (losses). Unrealized appreciation and temporary depreciation (temporary losses) of investments are reported as other changes in net assets in the consolidated statements of operations and changes in net assets.

Investments are generally commingled for investment purposes and consist of short-term investments (principally money market mutual funds), U.S. government and governmental agency obligations, mutual and common trust funds, corporate obligations, marketable equity securities, and guaranteed investment contracts. Fair values for investments, with the exception of guaranteed investment contracts, are based on quoted market prices. Guaranteed investment contracts are valued at fair value as reported by the custodian.

Investments limited as to use include investments set aside by the Board of Directors for future capital improvements and retirement of debt over which the Board of Directors retains control and may, at its discretion, subsequently use for other purposes, investments held by trustees under bond indenture agreements, and donor-restricted funds. Amounts that are required for obligations classified as current liabilities, and other amounts previously paid from operating cash that are to be reimbursed by the applicable funds held by trustee project fund, are reported in current assets.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows: land improvements 3 to 30 years, buildings 5 to 40 years, and equipment 3 to 25 years. The Corporation's policy is to designate certain available unrestricted net assets for expansion and renovation.

Equipment under capital lease obligations is amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter. Such amortization is included with depreciation and amortization in the consolidated statements of operations and changes in net assets. Interest cost incurred on borrowed funds during the period of construction and other interest costs are capitalized as a component of the cost of constructing the assets. In addition, interest earnings on unexpended borrowed funds related to tax-exempt financings are also capitalized. Net interest costs capitalized amounted to \$753,853 in 2011 and \$3,400,000 in 2010. Repair and maintenance costs are expensed when incurred.

The Corporation periodically evaluates whether circumstances have occurred that would indicate whether the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, an estimate is made of the undiscounted cash flows over the remaining life of the assets in measuring whether the asset is recoverable in accordance with accounting standards.

### Intangible Assets

Intangible assets are carried at cost. Amortization is computed using the straight-line method based on the assets' estimated useful lives.

### Unamortized Debt Issuance Costs

Costs incurred in connection with the issuance of long-term debt are amortized using the bonds outstanding method, which approximates the amortization under the effective interest rate method, and are included in depreciation and amortization in the accompanying consolidated statements of operations and changes in net assets.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### Medical Malpractice Insurance

The Corporation and its employed physicians with active Indiana medical licenses are qualified as health providers under the Indiana Medical Malpractice Act (the Medical Malpractice Act). The Medical Malpractice Act limits liability for malpractice claims against qualified health care providers such as the Corporation. The law provides for a mandatory State Patient's Compensation Fund (the Compensation Fund) to which qualified health care providers contribute a surcharge. The amount of the surcharge is established by the Indiana Department of Insurance on an actuarial basis. The amount contributed by each hospital must be sufficient to cover, but may not exceed, the actuarial risk posed to the Compensation Fund by such hospital and its employed physicians with active Indiana medical licenses. For malpractice incidents occurring after December 31, 1989, and before July 1, 1999, the Medical Malpractice Act provides for a maximum recovery of \$750,000 per claim (\$3,000,000 annual aggregate), the related health care provider is liable for up to \$100,000 of the recovery. For malpractice incidents occurring on or after July 1, 1999, the Medical Malpractice Act provides for a maximum recovery of \$1,250,000 per claim (\$7,500,000 annual aggregate), the related health care provider is liable for up to \$250,000 of the recovery.

Effective December 31, 2003, the Corporation became a member in a Vermont captive insurance company, Indiana Healthcare Reciprocal Risk Retention Group, Inc., to fund the Corporation's required portion of the insurance coverage pursuant to the Medical Malpractice Act, as well as its general liability insurance.

The Corporation also provides medical malpractice insurance for its employed physicians who practice in the state of Illinois with limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

Malpractice insurance coverage provided through the Compensation Fund and the captive insurance company is provided on a claims-made basis. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term but reported subsequently will be uninsured.

### Pension Plans

A noncontributory, defined-benefit pension plan covers substantially all employees. Plan benefits are based on years of service and the employee's compensation. Contributions to the plan include amortization of prior service costs plus interest thereon and are funded currently. During 2010, the Corporation froze the defined benefit plan and initiated a discretionary match component to the 403b defined contribution plan. During 2011, the Corporation offered a voluntary early retirement program for eligible employees to receive monthly annuities, removal of early retirement penalties and reductions, and health benefits for eighteen months per COBRA requirements for the employee and dependents, see Note 9.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### Net Assets

Temporarily restricted net assets are those assets whose use by the Corporation has been limited by donors primarily for a specified time period or purpose. When a donor restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released for property and equipment. Temporarily restricted net assets include \$5,334,560 and \$6,883,219 of funds held by the Foundation for the benefit of the Corporation at August 31, 2011 and 2010, respectively. Due from Union Hospital Foundation, Inc. represents contributions received on behalf of the Corporation by the Foundation and other amounts the Foundation has granted to the Corporation. Permanently restricted net assets are those that the donor has requested to be held in perpetuity. In accordance with donor stipulations, certain investment income earned on permanently restricted net assets is unrestricted. Accordingly, such income is recorded in the unrestricted net asset class as it is earned.

### Financial Statement Presentation

The Corporation is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor imposed restrictions.

### Deferred Income

Deferred revenue represents amounts received in advance for services to be rendered. Revenue will be recognized as the services are provided.

### Health Insurance

The Corporation's employee health care insurance is provided through a combination of self-insurance and purchased re-insurance coverage from a commercial carrier. The Corporation maintains an estimated liability for the amount of claims incurred but not reported. Substantially all employees are covered for major medical benefits. The specific annual attachment point for an individual is \$300,000 with a life-time maximum of \$700,000.

### Functional Expenses

The Corporation provides general health care services to patients. Health care services expenses related to providing these services were \$394,592,269 and \$381,306,674 in 2011 and 2010, respectively. Administrative expenses (consisting of support services, employee benefits, patient billing, and other) amounted to \$22,221,011 and \$21,729,080 in 2011 and 2010, respectively.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### Income Taxes

The Corporation is organized as a not-for-profit corporation under Section 501(c) (3) of the United States Internal Revenue Code. As such, the Corporation is generally exempt from income taxes. However, the Center is required to file Federal Form 990 and 990T.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of August 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Filings are current through 2010. The impact of the subsidiaries tax consequences is immaterial to these financial statements.

### Operating Indicator

The Corporation's operating indicator (income from operations) includes all unrestricted net income, gains and support, and expenses from Corporation operations directly related to recurring and ongoing health care operations during the reporting period. The operating indicator excludes interest, dividend, and realized gains and losses on sales of investments, contributions, and gains and losses deemed by management not to be directly related to providing health care services.

### Advertising Costs

Advertising costs are expensed as incurred. Total expense for 2011 and 2010 was \$504,200 and \$638,688, respectively.

### Performance Indicator

The Corporation's performance indicator (net income) includes all changes in unrestricted net assets other than net unrealized appreciation and temporary losses on investments, investment returns restricted by donors, changes in pension plan funded status, contributions of property and equipment, and equity transactions.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### Subsequent Events

The Corporation has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is November 22, 2011

### Reclassifications

Certain amounts in the 2010 consolidated financial statements have been reclassified to conform to the 2011 presentation. These reclassifications had no impact on net assets for 2010, as previously reported.

### 3. AFFILIATED ENTITY AND RELATED PARTY TRANSACTIONS

As part of the affiliation with UHS and UAPc, the Corporation purchased certain intangible assets, including medical records and other assets, from AP&S in the amount of \$7,345,000. The intangible assets are being amortized over 5 years with accumulated amortization of \$2,693,152 and \$1,224,160 at August 31, 2011 and 2010, respectively. The Corporation transferred \$12,062,285 and \$4,260,000 during 2011 and 2010, respectively, to UHS. The arrangement with UHS and UAPc contemplates that the Corporation will continue to transfer approximately \$1,000,000 dollars per month to UHS for on-going operational support to the affiliated group.

The Corporation provided management and other services for the Foundation and other related organizations in the amount of \$646,732 in 2011 and \$976,436 in 2010. At August 31, 2011 and 2010, \$163,212 and \$192,181, respectively, remained unpaid.

The Corporation received approximately \$1,781,000 and \$3,200,000 in contributions from the Foundation for the years ended August 31, 2011 and 2010, respectively.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

The Corporation collaborates with physicians and physician groups including UAPc, to improve the quality of services, eliminate duplication of services, and to improve standards of care by entering into certain contractual agreements. While certain of the agreements are amended and/or terminated from time to time, the Corporation has had agreements for chemotherapy, ambulatory surgery, cardiac catheterization, laboratory, and radiation oncology therapy services. The costs for these services are included in contracted services in the statement of operations totaling \$43,364,312 and \$48,366,855 for August 31, 2011 and 2010, respectively.

### 4. PROPERTY AND EQUIPMENT

A summary of the construction-in-progress projects at August 31, 2011 and 2010 is as follows:

	2011	2010
UH West renovation	\$ 10,478,055	\$ 2,628,346
Other renovations and upgrades	1,404,552	1,189,121
	<u>\$ 11,882,607</u>	<u>\$ 3,817,467</u>

The Corporation is in the process of renovating Union West facilities with an expected completion date of 2012. In addition, the Corporation is expecting to finish the Chemo South and Pediatric Therapy projects by December, 2011. Commitments for all remaining construction project costs total \$14,700,000 at August 31, 2011.

### 5. INVESTMENTS

The Corporation does not engage in trading activities for investment purposes. The composition of investments, at fair value, is set forth in the following table:

	2011	2010
Cash and short-term investments	\$ 56,499,010	\$ 43,046,446
US Government and government agency obligations	5,688,845	6,598,035
Mutual funds	1,421,407	1,235,278
Marketable equity securities	6,409,084	5,190,097
Corporate obligations	683,829	828,550
Collective trusts	395,715	362,393
	<u>71,097,890</u>	<u>57,260,799</u>
Less current portion of		
Debt service	9,495,137	7,999,514
Board designated	1,920,497	11,594,606
	<u>\$ 59,682,256</u>	<u>\$ 37,666,679</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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Investment income included in the consolidated statements of operations and changes in net assets is primarily comprised of interest income

	2011	2010
Investment income included with non-operating gains		
Interest and dividend income	\$ 536,397	\$ 822,873
Realized net gain (loss) on the sale of investments	53,223	(102,194)
	<u>589,620</u>	<u>720,679</u>
Other changes in net assets		
Unrealized appreciation of investments	739,114	318,439
	<u>\$ 1,328,734</u>	<u>\$ 1,039,118</u>

The following schedule summarizes the fair value of securities included in investments by board designated and held by trustee that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of August 31, 2011 and 2010. The schedule further segregates the securities that have been in a gross unrealized position as of August 31, 2011 and 2010, for less than twelve months and those for twelve months or more. The gross unrealized losses of less than twelve months are a reflection of the normal fluctuations of the market and are therefore considered temporary.

The gross unrealized losses of twelve months or longer are reflective of current market fluctuations. The majority of the decline is attributable to several securities which industry experts expect recovery in the short-term future.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized losses as of August 31, 2011 and 2010

August 31, 2011						
Description of securities	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Common Stock	\$ 345,473	\$ 47,794	\$ 1,762,948	\$ 369,364	\$ 2,108,421	\$ 417,158
Mutual Funds	80,948	4,883	290,132	22,572	371,080	27,455
Government Obligations	2,610,560	1,400	-0-	-0-	2,610,560	1,400
Corporate Bonds	60,412	699	29,739	261	90,151	960
Total temporarily impaired securities	<u>\$ 3,097,393</u>	<u>\$ 54,776</u>	<u>\$ 2,082,819</u>	<u>\$ 392,197</u>	<u>\$ 5,180,212</u>	<u>\$ 446,973</u>

August 31, 2010						
Description of securities	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Common Stock	\$ 296,236	\$ 43,287	\$ 1,964,170	\$ 565,854	\$ 2,260,406	\$ 609,141
Mutual Funds	185,786	11,863	417,358	8,632	603,144	20,495
Government Obligations	3,491,817	3,628	-0-	-0-	3,491,817	3,628
Corporate Bonds	29,526	474	-0-	-0-	29,526	474
Total temporarily impaired securities	<u>\$ 4,003,365</u>	<u>\$ 59,252</u>	<u>\$ 2,381,528</u>	<u>\$ 574,486</u>	<u>\$ 6,384,893</u>	<u>\$ 633,738</u>

## 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Major classes of assets and liabilities that are measured at fair value are categorized according to a fair value hierarchy that prioritizes the inputs to value techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

- Level 1 inputs are readily determinable using unadjusted quoted prices for identical assets or liabilities in active markets
- Level 2 inputs are derived from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

The following methods and assumptions were used by the Corporation in estimating the fair value of certain other financial instruments

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

*Cash and cash equivalents, patient accounts receivable, notes receivable, due from Foundation, other assets, accounts payable, accrued expenses and estimated third party settlements* The carrying amount reported in the consolidated statements of financial position for these items approximate fair value due to the nearness of maturity

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values

If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement

Assets and liabilities measured at fair value on a recurring basis as of August 31, 2011 and 2010 are as follows

		August 31, 2011			
		Total	Level 1	Level 2	Level 3
Assets whose use is limited					
Common Stocks					
Consumer	\$	2,327,301	\$ 2,327,301	\$ -0-	\$ -0-
Energy		1,196,743	1,196,743	-0-	-0-
Financial		787,440	787,440	-0-	-0-
Healthcare		135,027	135,027	-0-	-0-
Industrials		1,323,296	1,323,296	-0-	-0-
Information Technology		565,847	565,847	-0-	-0-
Materials		73,430	73,430	-0-	-0-
Mutual Funds					
Government funds		286	286	-0-	-0-
Fixed Income funds		330,867	330,867	-0-	-0-
Large Cap funds		107,129	107,129	-0-	-0-
Mid Cap funds		356,621	356,621	-0-	-0-
Small Cap funds		101,910	101,910	-0-	-0-
Sector funds		5,312	5,312	-0-	-0-
International funds		253,237	253,237	-0-	-0-
Index funds		266,046	266,046	-0-	-0-
US Government Obligations		5,688,845	5,688,845	-0-	-0-
Corporate Obligations		683,829	683,829	-0-	-0-
Collective Trust		395,714	395,714	-0-	-0-
		<u>14,598,880</u>	<u>\$ 14,598,880</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Cash and Cash Equivalents in AWUIL					
		53,434,865			
Certificates of Deposit		3,064,145			
Total	\$	<u>71,097,890</u>			

		August 31, 2010			
		Total	Level 1	Level 2	Level 3
Assets whose use is limited					
Marketable equity securities	\$	5,190,097	\$ 5,190,097	\$ -0-	\$ -0-
Mutual funds		1,597,671	1,597,671	-0-	-0-
US government obligations		6,598,035	6,598,035	-0-	-0-
Corporate obligations		828,550	828,550	-0-	-0-
	\$	<u>14,214,353</u>	<u>\$ 14,214,353</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Cash and cash equivalents					
		31,523,323			
Certificates of deposit		11,523,123			
	\$	<u>57,260,799</u>			

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### 7. ENDOWMENT FUNDS

The Corporation's endowment consists of individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The objective is to meet or exceed the market index, or blended market index, selected and agreed upon by the Corporation or provide an acceptable return with lower volatility or credit risk. In order to meet its needs, the investment strategy of the Corporation is to emphasize total return, that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management for endowment fund assets shall be long-term growth of capital and to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. Endowment fund assets may be invested only in investment grade bonds rated BBB (or equivalent) or better. The board of directors has interpreted the relevant law as requiring prudent preservation of the fund and evaluates the amounts of unrestricted income and the unrealized gains and losses periodically.

The Corporation has a policy of appropriating for distribution the earned income.

The endowment net assets by type of fund as of August 31, 2011 and 2010

	2011	2010
Donor-restricted endowment funds		
Permanently restricted	\$ 958,445	\$ 946,496
Total endowment funds	<u>\$ 958,445</u>	<u>\$ 946,496</u>

For 2011 and 2010, the Corporation had the following endowment-related activities

	Permanently restricted	
	2011	2010
Endowment net assets, beginning of year	\$ 946,496	\$ 969,067
Net investment income and other changes	<u>11,949</u>	<u>(22,571)</u>
Endowment net assets, end of year	<u>\$ 958,445</u>	<u>\$ 946,496</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

### 8. LONG-TERM DEBT

A Master Trust Indenture, as amended, provides for the issuance of long-term debt under an obligated group structure. The Obligated Group consists of the Corporation and subsidiaries. This Obligated Group is required to meet certain covenants under the Master Trust Indenture. The Obligated Group is subject to certain financial performance covenants, among other compliance requirements, that require the maintenance of debt service ratios. As of August 31, 2011, management of the Obligated Group believes that it is in compliance with all financial covenants.

Long-term debt is summarized as follows:

	2011	2010
Indiana Health and Educational Facility Financing Authority or Hospital Authority of Vigo County (Indiana)		
Series 2011, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2015 through 2041. Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 7.5% to 8% and averages 7.77%. Includes bond discount of approximately \$1,000,000.	\$ 54,016,712	\$ -0-
Series 2007, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2027 through 2048. Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 5.50% to 5.80% and averages 5.74%.	176,109,882	176,071,051
Series 2006A, tax-exempt variable rate demand revenue bonds payable in annual principal installments commencing in fiscal 2009 through fiscal 2037. Interest rate is set weekly (payable semiannually). Remaining balance paid off with issuance of 2011 Bonds.	-0-	18,490,000
Series 2006B, taxable variable rate demand revenue bonds, payable in annual principal installments commencing in fiscal 2009 through fiscal 2037. Interest rate is set weekly (payable semiannually) and averages .50% in fiscal 2011.	12,645,000	12,735,000
Series 2002, tax-exempt variable rate demand revenue bonds, payable in annual principal installments commencing in fiscal 2004 through fiscal 2028. Interest rate set weekly (payable semiannually). Remaining balance paid off with issuance of 2011 Bonds.	-0-	12,960,000
Series 1993, tax-exempt fixed rate serial and term bonds, payable in annual principal installments commencing in fiscal 1996 through fiscal 2024. Interest (payable semiannually) ranges from 5.125% to 5.250% and averages 5.18% in fiscal 2011.	25,625,000	27,075,000
Loan payable in monthly principal installments commencing in fiscal 2010 through fiscal 2026. Fixed term with variable interest rate set monthly (payable monthly) using LIBOR based rates and averages 3.86% in 2011.	6,262,600	6,402,500
Capital leases and other	3,920,596	6,974,874
Total long-term debt	278,579,790	260,708,425
Less current portion	4,199,893	5,727,439
Long-term debt, less current portion	<u>\$ 274,379,897</u>	<u>\$ 254,980,986</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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The scheduled maturities and mandatory redemptions of long-term debt are as follows

Year	
2012	\$ 4,199,893
2013	3,317,614
2014	3,243,716
2015	2,391,598
2016	3,292,700
Thereafter	262,134,269
	<u>\$ 278,579,790</u>

In February 2011, the Hospital issued, through the Hospital Authority of Vigo County (Indiana), Hospital Revenue Bonds, Series 2011 (tax-exempt bonds) in the aggregate amount of \$54 million, net of bond discount, principally to finance, or reimburse the Corporation for, the costs of constructing, acquiring, equipping, or renovating certain capital assets of the Corporation, and to refund the Indiana Health Facility Financing Authority Variable Rate Demand Bonds, Series 2002 and the Indiana Health and Educational Facility Financing Authority Variable Rate Demand Revenue Bonds, Series 2006A, and for bond issuance cost, debt service reserve fund, and capitalized interest during the construction period. The interest rate is fixed and ranges from 7.5 to 8%. Term bonds expire in 2022 (\$10.4 million), 2031 (\$20.7 million), and 2041 (\$24.0 million) with principal payments beginning in 2015.

As part of the refunding of the Series 2002 and 2006A bonds, the Corporation wrote off deferred financings costs associated with the 2002 and 2006A issuances in the amount of approximately \$230,000 during 2011.

During July 2007, the Hospital issued, through the Hospital Authority of Vigo County (Indiana), Hospital Revenue Bonds, Series 2007 (tax-exempt bonds) in the aggregate amount of \$176.5 million principally to finance, or reimburse the Corporation for, the costs of acquisition, construction, furnishing, and equipping of a new 500,000 square-foot hospital building, and certain renovations of the existing hospital facility, bond issuance cost, debt service reserve fund, and capitalized interest during the construction period. The interest rate is fixed and ranges from 5.50% to 5.80%. Term bonds expire in 2027 (\$7.4 million), 2037 (\$52.2 million), 2042 (\$50.3 million), and 2047 (\$66.6 million) with principal payments beginning in 2024.

In July 2006, the Corporation opened a letter of credit for a maximum of \$19,000,000 attached to the Series 2006A tax-exempt Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2011 and 2010, and there are no outstanding amounts under this arrangement at August 31, 2011 and 2010. During 2011, the Corporation paid off the remaining balance of the Series 2002 bonds with the issuance of the 2011 Bonds.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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The Corporation has a letter of credit for a maximum of \$13,000,000 attached to the Series 2006B taxable Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2011 and 2010, and there are no outstanding amounts under this arrangement at August 31, 2011 and 2010. The letter of credit expires May 2, 2014. However in the event of a failed remarketing the Corporation is subject to a 367 day period of interest only payments. After 367 days, the amount of the draws would be required to be repaid in accordance with the amortization payment dates stipulated in the agreement.

In May 2002, the Corporation issued \$16,000,000 of tax-exempt, variable rate, demand revenue bonds (the Series 2002 Bonds), using the Master Indentures and through the Indiana Health Facility Financing Authority. The proceeds of the Series 2002 Bonds and certain other funds of the Corporation were used to finance or reimburse certain costs of constructing, acquiring, renovating, or equipping certain health facility property.

During May 2002, the Corporation opened a letter of credit for a maximum of \$16,000,000 attached to the Series 2002 Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2011 and 2010, and there are no outstanding amounts under this arrangement at August 31, 2011 and 2010. During 2011, the Corporation paid off the remaining balance of the Series 2002 bonds with the issuance of the 2011 Bonds.

The Series 1993 tax-exempt Bonds are secured by a security interest in unrestricted receivables (as defined in the bond agreements) of the Corporation. Payment of principal and interest on the Series 1993 Bonds is guaranteed under a municipal bond insurance policy. In February 2004, the Corporation made a tender offer to existing 1993 Bondholders for a 103% tender price, which was accepted. A bank purchased the tendered bonds for par value.

The Corporation refinanced certain 2004 Bonds during 2009 by obtaining a five-year loan expiring in 2014, and then in 2011 obtained a 15-year loan expiring 2026.

Certain of the debt instruments contain financial covenants and management believes they are in compliance.

The fair value of the 2011, 2007, and 1993 fixed rate tax exempt bonds approximated \$178,300,000 as of August 31, 2011. The fair value of the fixed rate obligations is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements. A 7.75% fixed interest rate was used for this estimation as of August 31, 2011. The fair value of variable rate debt (Series 2006B and 2010 Loan) approximates its carrying value.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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Total interest paid on long-term debt for the years ended August 31, 2011 and 2010, aggregated approximately \$14,700,000 and \$12,600,000, respectively. Total investment income on borrowed funds held by trustee for the years ended August 31, 2011 and 2010, aggregated approximately \$670,000 and \$364,000, respectively. Capitalized interest costs net of associated investment income earnings aggregated approximately \$754,000 and \$3,400,000.

Substantially all assets and revenue serve as collateral on the aforementioned bonds and letters of credit.

The Corporation leases medical equipment and software under capital leases with various expiration dates. Cost and accumulated depreciation of the equipment under capital leases was approximately \$8,156,310 and \$10,388,710, respectively, and \$3,361,171 and \$3,781,002, respectively, at August 31, 2011 and August 31, 2010. The following is a schedule by year of future minimum lease payments under capital leases as of August 31, 2011, that have initial or remaining lease terms in excess of one year.

Year	
2012	\$ 2,401,762
2013	1,116,086
2014	471,157
2015	139,722
	<u>4,128,727</u>
Less imputed interest	571,255
Present value of minimum lease payments	<u>\$ 3,557,472</u>

The Corporation has operating leases for medical equipment and office space. Total rent and lease expense for 2011 and 2010 was \$11,725,759 and \$11,653,240, respectively. Future minimum lease payments under noncancelable operating leases as of August 31, 2011 that have initial or remaining lease terms in excess of one year are as follows:

Year	
2012	\$ 5,755,245
2013	4,190,443
2014	2,779,922
2015	1,440,003
2016	154,572
	<u>\$ 14,320,185</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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### 9. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

The Corporation has a noncontributory, defined-benefit plan (the Plan) covering substantially all of its employees who are at least 21 years old and have completed one year of service, and certain employees meeting those requirements of affiliated organizations. The Plan provides for retirement, survivor, and severance benefits. Employees with five or more years of service are entitled to monthly pension benefits beginning at normal retirement age (65) equal to their credited service multiplied by 1/60th of 1% of the total of their annual compensation for the five consecutive plan years which produce the highest total. The Corporation has agreed to contribute such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Contributions include normal cost, interest on unfunded prior service cost, and amortization of prior service cost over a period not exceeding 30 years. The Plan has met the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Corporation instituted a special voluntary early-retirement pension and health insurance benefit for eligible employees between the ages of 55 to 60 and above through multiple phases throughout the year. Employees who applied and qualified under the program received monthly annuities based upon the value of their pension, as well as COBRA health benefits for up to 18th months at the current employee costs. Upon the 19th month and until reaching the age of 65, the Corporation will deposit \$500 a month into a benefits account per qualifying retiree to be used for the health benefits. Total costs for the special early-retirement benefit program in the statement of operations and changes in net assets totaling \$7,250,873, consisted of \$5,198,052 related to the pension termination benefit cost and \$2,052,821 related to the health insurance benefits for the year ending August 31, 2011.

The Corporation recognizes the funded status of its defined-benefit pension plan in its consolidated balance sheets and the changes therein within its consolidated statements of operations and changes in net assets. Funded status is defined as the difference between the projected benefit obligation and the fair value of plan assets. Prior unrecognized net actuarial losses of \$12,211,211 and \$15,296,923 have been included in the unrestricted net assets at August 31, 2011 and 2010, respectively and have not yet been recognized in net periodic pension cost. The adjustment to unrestricted net assets consisted primarily of the change in cumulative losses on the retirement plan in 2011 and 2010 and changes in the funded status.

Actuarial losses included in unrestricted net assets at August 31, 2011, and expected to be amortized in net periodic benefit cost during fiscal 2012 are \$285,187.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

The following table sets forth the defined-benefit pension plan's benefit obligations, fair value of the Plan's assets, and funded status at August 31, 2011 and 2010

	2011	2010
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 82,432,540	\$ 87,708,962
Service cost	-0-	1,276,887
Interest cost	5,267,599	5,621,100
Benefits paid	(3,640,212)	(2,084,203)
Actuarial (gain) loss	1,483,594	5,465,566
Termination benefit cost	5,198,052	-0-
Effect of Settlement/Curtailment	-0-	(15,555,772)
Benefit obligation, end of year	90,741,573	82,432,540
Changes in plan assets		
Fair value of plan assets, beginning of year	67,969,947	59,538,221
Actual return on plan assets	9,165,267	4,011,929
Employer contributions	7,030,009	6,504,000
Benefits paid	(3,640,212)	(2,084,203)
Fair value of plan assets, end of year	80,525,011	67,969,947
Funded status		
Funded status of the plan, end of year	<u>\$ (10,216,562)</u>	<u>\$ (14,462,593)</u>

No plan assets are expected to be returned to the Corporation during the fiscal year ended August 31, 2011

The following is a summary of the components of net periodic pension costs

	2011	2010
Components of net benefit cost		
Service cost	\$ -0-	\$ 1,276,887
Interest cost	5,267,599	5,621,100
Expected return on plan assets	(5,237,204)	(4,616,979)
Actuarial loss	641,243	1,601,118
Net periodic benefit cost	671,638	3,882,126
Termination benefit cost	5,198,052	-0-
Net benefit cost	<u>\$ 5,869,690</u>	<u>\$ 3,882,126</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

The following is a schedule, by year, of expected benefit payments, which reflect expected future service

Year Ending August 31,	
2012	\$ 4,438,760
2013	4,561,559
2014	4,679,306
2015	4,720,568
2016	4,774,184
2017-2021	27,928,783
	<u>\$ 51,103,160</u>

The weighted-average assumptions used to determine the Plan's projected benefit obligation (PBO) and net periodic benefit costs (NPBC) for the years ended August 31, 2011 and 2010 are as follows

	2011	2010
Discount rate	6.5%	6.5%
Expected return on plan assets	7.5%	7.5%
Rate of compensation increase - NPBC	Not Applicable	3.0%

The principal long-term determinant of a portfolio's investment return is its asset allocation. The Plan's allocation includes growth assets (35%) and fixed income (60%) investments and other (5%). In addition, active management strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the Plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management.

The Plan's weighted-average asset allocations at August 31, 2011 and 2010, by asset category, are as follows

	2011	2010
Mutual funds - equity funds	35%	51%
Mutual funds - bond funds	60%	41%
Other	5%	8%
	<u>100%</u>	<u>100%</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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The following is an analysis of fair value of the major classes of plan assets of August 31, 2011

	Fair Value
Cash and equivalents	\$ 2,253,635
Mutual funds - equity funds	28,295,642
Mutual funds - bond funds	48,396,203
Private equity funds	1,579,531
Total	<u>\$ 80,525,011</u>

Fair value of cash and equivalents, equity funds, and bond funds are based on the basis of quoted prices in active markets (Level 1 inputs) The fair value of the private equity funds are based on valuation techniques (Level 3 inputs)

The following is a reconciliation of the fair value of plan assets determined on the basis of valuation techniques

	Private Equity Funds
Balance, beginning of year	\$ 1,270,745
Return on plan assets	
Assets sold during the year	-0-
Assets held at the end of the year	308,786
Net purchases	-0-
Net sales	-0-
Transfers out of Level 3	-0-
Balance, end of year	<u>\$ 1,579,531</u>

The Plan employs an investment advisor to monitor the Plan's investment managers and make investment recommendations to the Corporation The Corporation invests fund balances in a structured portfolio of equity and bond mutual funds and alternative investments The target allocation strategy for the Plan is to have its investment portfolio comprise approximately 60% to 70% growth investments, 25% to 32% fixed-income investments, and 0% to 8% in alternative investments Within the growth investment classification, the Plan's asset strategy encompasses equity and equity-like instruments that are expected to represent approximately 60 0% of the Corporation's plan asset portfolio of both public and private market investments The largest component of these equity and equity-like instruments is public equity securities that are well diversified and invested in U S and international companies

Projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2011 AND 2010

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The Corporation expects to contribute approximately \$7,030,000 to the pension plan in 2012 and will meet the required funding amounts for 2011. The Corporation elected to freeze the Plan in 2010, but will continue to fund the plan as required.

The Corporation also has a 403b discretionary defined contribution plan for which contributions during 2011 and 2010 were approximately \$3,781,000 and \$2,200,000, respectively.

### 10. COMMITMENTS AND CONTINGENCIES

During 2010, the Corporation received notice from the Centers for Medicare and Medicaid Services ("CMS") wherein CMS alleged that certain outpatient departments of the Corporation did not meet the Medicare provider based requirements. Subsequently, the Corporation filed its Request for Reconsideration with CMS. CMS denied this request, and the matter is now under appeal with the Departmental Appeals Board. The outcome of this matter is uncertain and any amount assessed, if any, by CMS is unknown at this time. The Corporation will continue to appeal this matter.

The Corporation is involved in other litigation arising in the normal course of business. After consultation with legal counsel, it is management's opinion that these matters will be resolved without a material adverse effect on the Corporation's financial position or consolidated results of operations, changes in net assets, and cash flows.

## **SUPPLEMENTARY INFORMATION**

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2011

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 28,919,312	\$ 1,928,474	\$ 3,948	\$ -0-	\$ 30,851,734
Funds held by trustee, current portion	9,495,137	-0-	-0-	-0-	9,495,137
Board designated funds, current portion	1,920,497	-0-	-0-	-0-	1,920,497
Patient accounts receivable, net	49,209,425	-0-	161,570	-0-	49,370,995
Other receivables	-0-	103,332	-0-	-0-	103,332
Estimated third party settlements	610,058	-0-	-0-	-0-	610,058
Inventories	4,386,794	-0-	-0-	-0-	4,386,794
Prepaid expenses and other current assets	4,532,364	(5,834)	(23,516)	(136,627)	4,366,387
Total current assets	99,073,587	2,025,972	142,002	(136,627)	101,104,934
<b>Investments limited as to use, less current portion</b>					
Funds held by trustee	35,640,930	-0-	-0-	-0-	35,640,930
Board designated funds	23,082,881	-0-	-0-	-0-	23,082,881
Permanently restricted	958,445	-0-	-0-	-0-	958,445
Total investments limited as to use	59,682,256	-0-	-0-	-0-	59,682,256
<b>Property and equipment</b>					
Land and improvements	36,075,662	-0-	-0-	-0-	36,075,662
Buildings and fixed equipment	303,795,065	7,652	-0-	-0-	303,802,717
Movable equipment	108,703,442	25,504	49,894	-0-	108,778,840
Less allowances for depreciation	448,574,169	33,156	49,894	-0-	448,657,219
	170,135,124	7,560	29,905	-0-	170,172,589
	278,439,045	25,596	19,989	-0-	278,484,630
Construction in progress	11,882,607	-0-	-0-	-0-	11,882,607
Total property and equipment, net	290,321,652	25,596	19,989	-0-	290,367,237
<b>Other assets</b>					
Due from Union Hospital Foundation, Inc	5,334,560	-0-	-0-	-0-	5,334,560
Deferred financing costs, net	3,260,902	-0-	-0-	-0-	3,260,902
Intangible assets, net	4,651,848	-0-	-0-	-0-	4,651,848
Other assets	2,090,693	-0-	-0-	(1,740,205)	350,488
	15,338,003	-0-	-0-	(1,740,205)	13,597,798
Total assets	\$ 464,415,498	\$ 2,051,568	\$ 161,991	\$ (1,876,832)	\$ 464,752,225

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2011

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Liabilities and net assets</b>					
<b>Current liabilities</b>					
Accounts payable and other current liabilities	\$ 20,649,482	\$ 434,981	\$ 15,996	\$ (136,627)	\$ 20,963,832
Salaries, wages and related liabilities	17,197,090	22,468	-0-	-0-	17,219,558
Accrued interest	7,870,134	-0-	-0-	-0-	7,870,134
Current portion of long-term debt	4,199,893	-0-	-0-	-0-	4,199,893
Total current liabilities	49,916,599	457,449	15,996	(136,627)	50,253,417
<b>Long-term liabilities</b>					
Long-term debt, less current portion	274,379,897	-0-	-0-	-0-	274,379,897
Deferred revenue	401,447	-0-	-0-	-0-	401,447
Pension liability	10,216,562	-0-	-0-	-0-	10,216,562
Other long-term liabilities	2,174,649	-0-	-0-	-0-	2,174,649
Total long-term liabilities	287,172,555	-0-	-0-	-0-	287,172,555
Total liabilities	337,089,154	457,449	15,996	(136,627)	337,425,972
<b>Net assets</b>					
Unrestricted	121,024,812	1,594,119	145,995	(1,740,205)	121,024,721
Temporarily restricted	5,343,087	-0-	-0-	-0-	5,343,087
Permanently restricted	958,445	-0-	-0-	-0-	958,445
Total net assets	127,326,344	1,594,119	145,995	(1,740,205)	127,326,253
Total liabilities and net assets	\$ 464,415,498	\$ 2,051,568	\$ 161,991	\$ (1,876,832)	\$ 464,752,225

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2010

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 20,257,381	\$ 1,598,902	\$ 3,948	\$ -0-	\$ 21,860,231
Funds held by trustee, current portion	7,999,514	-0-	-0-	-0-	7,999,514
Board designated funds, current portion	11,594,606	-0-	-0-	-0-	11,594,606
Patient accounts receivable, net	49,738,400	-0-	134,865	(121,553)	49,751,712
Other receivables	-0-	122,958	155,041	-0-	277,999
Third party settlements	2,449,523	-0-	-0-	-0-	2,449,523
Inventories	5,049,617	-0-	-0-	-0-	5,049,617
Prepaid expenses and other current assets	3,892,023	(10,736)	-0-	(209,048)	3,672,239
Total current assets	100,981,064	1,711,124	293,854	(330,601)	102,655,441
Investments limited as to use, less current portion					
Funds held by trustee	20,075,806	-0-	-0-	-0-	20,075,806
Board designated and temporarily restricted funds	16,644,377	-0-	-0-	-0-	16,644,377
Permanently restricted	946,496	-0-	-0-	-0-	946,496
Total investments limited as to use	37,666,679	-0-	-0-	-0-	37,666,679
Property and equipment					
Land and improvements	34,992,891	-0-	-0-	-0-	34,992,891
Buildings and fixed equipment	302,024,085	7,652	-0-	-0-	302,031,737
Movable equipment	108,050,874	22,541	47,711	-0-	108,121,126
Less allowances for depreciation	445,067,850	30,193	47,711	-0-	445,145,754
	149,854,870	4,535	20,222	-0-	149,879,627
Construction in progress	295,212,980	25,658	27,489	-0-	295,266,127
	3,817,467	-0-	-0-	-0-	3,817,467
Total property and equipment, net	299,030,447	25,658	27,489	-0-	299,083,594
Other assets					
Due from Union Hospital Foundation, Inc	6,883,219	-0-	-0-	-0-	6,883,219
Deferred financing costs, net	2,431,096	-0-	-0-	-0-	2,431,096
Intangible assets, net	6,120,840	-0-	-0-	-0-	6,120,840
Other assets	1,931,567	-0-	-0-	(1,366,359)	565,208
	17,366,722	-0-	-0-	(1,366,359)	16,000,363
Total assets	\$ 455,044,912	\$ 1,736,782	\$ 321,343	\$ (1,696,960)	\$ 455,406,077

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2010

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Liabilities and net assets</b>					
Current liabilities					
Accounts payable and other current liabilities	22,115,897	\$ 421,054	\$ 250,222	\$ (330,601)	\$ 22,456,572
Salaries, wages and related liabilities	15,739,402	20,472	-0-	-0-	15,759,874
Accrued interest	5,769,510	-0-	-0-	-0-	5,769,510
Current portion of long-term debt	5,727,439	-0-	-0-	-0-	5,727,439
Total current liabilities	49,352,248	441,526	250,222	(330,601)	49,713,395
Long-term liabilities					
Long-term debt, less current portion	254,980,986	-0-	-0-	-0-	254,980,986
Deferred revenue	507,720	-0-	-0-	-0-	507,720
Pension liability	14,462,593	-0-	-0-	-0-	14,462,593
Other long-term liabilities	108,332	-0-	-0-	-0-	108,332
Total long-term liabilities	270,059,631	-0-	-0-	-0-	270,059,631
Total liabilities	319,411,879	441,526	250,222	(330,601)	319,773,026
Net assets					
Unrestricted	127,903,123	1,295,256	71,121	(1,366,359)	127,903,141
Temporarily restricted	6,783,414	-0-	-0-	-0-	6,783,414
Permanently restricted	946,496	-0-	-0-	-0-	946,496
Total net assets	135,633,033	1,295,256	71,121	(1,366,359)	135,633,051
Total liabilities and net assets	\$ 455,044,912	\$ 1,736,782	\$ 321,343	\$ (1,696,960)	\$ 455,406,077

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2011

	Union Hospital	Union Hospital Clinton	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Operating revenue</b>							
Net patient service revenue	\$ 384,620,674	\$ 28,936,611	\$ 413,557,285	\$ -0-	\$ 974,421	\$ (587,214)	\$ 413,944,492
Other revenue	8,395,730	486,354	8,882,084	1,613,216	-0-	(1,398,646)	9,096,654
Total operating revenue	393,016,404	29,422,965	422,439,369	1,613,216	974,421	(1,985,860)	423,041,146
<b>Operating expenses</b>							
Salaries and wages	107,581,614	9,545,153	117,126,767	321,173	-0-	-0-	117,447,940
Employee benefits	25,644,934	2,203,471	27,848,405	133,315	-0-	-0-	27,981,720
Supplies and drugs	66,758,208	3,350,322	70,108,530	-0-	769,600	-0-	70,878,130
Physician services	9,719,988	640,640	10,360,628	-0-	-0-	-0-	10,360,628
Contract services	63,187,874	853,062	64,040,936	17,010	117,457	-0-	64,175,403
Rent and leases	11,038,190	668,693	11,706,883	16,185	2,691	-0-	11,725,759
Utilities, supplies, and other	31,267,284	3,256,944	34,524,228	890,301	-0-	(1,975,241)	33,439,288
Provision for bad debts	36,284,667	5,676,728	41,961,395	-0-	-0-	-0-	41,961,395
Depreciation and amortization	23,991,201	956,933	24,948,134	3,045	9,799	-0-	24,960,978
Interest	13,916,229	6,524	13,922,753	-0-	-0-	-0-	13,922,753
Total operating expenses	389,390,189	27,158,470	416,548,659	1,381,029	899,547	(1,975,241)	416,853,994
Income from operations before special charge	3,626,215	2,264,495	5,890,710	232,187	74,874	(10,619)	6,187,152
<b>Special charge early retirement</b>							
Income from operations after special charge	(6,326,718)	(924,155)	(7,250,873)	-0-	-0-	-0-	(7,250,873)
<b>Non-operating gains (losses)</b>							
Investment income	595,389	2,430	597,819	66,676	-0-	(74,875)	589,620
Other	300,636	(1,344)	299,292	-0-	-0-	(288,352)	10,940
Total non-operating revenues	896,025	1,086	897,111	66,676	-0-	(363,227)	600,560
Net income (loss)	\$ (1,804,478)	\$ 1,341,426	\$ (463,052)	\$ 298,863	\$ 74,874	\$ (373,846)	\$ (463,161)

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2010

	Union Hospital	Union Hospital Clinton	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Operating revenue</b>							
Net patient service revenue	\$ 367,055,117	\$ 26,614,157	\$ 393,669,274	\$ -0-	\$ 973,103	\$ (689,292)	\$ 393,953,085
Other revenue	8,332,059	510,706	8,842,765	1,739,524	840	(1,547,758)	9,035,371
Total operating revenue	375,387,176	27,124,863	402,512,039	1,739,524	973,943	(2,237,050)	402,988,456
<b>Operating expenses</b>							
Salaries and wages	109,751,619	9,880,918	119,632,537	287,530	-0-	-0-	119,920,067
Employee benefits	28,318,599	2,529,909	30,848,508	116,698	-0-	-0-	30,965,206
Supplies and drugs	65,572,990	3,475,948	69,048,938	-0-	95,219	-0-	69,144,157
Physician services	8,425,305	630,500	9,055,805	-0-	-0-	-0-	9,055,805
Contract services	67,762,532	808,696	68,571,228	-0-	888,845	-0-	69,460,073
Rent and leases	11,013,580	639,680	11,653,240	-0-	-0-	-0-	11,653,240
Utilities, supplies, and other	29,492,527	3,559,283	33,051,810	791,759	-0-	(2,237,050)	31,606,519
Provision for bad debts	26,750,703	4,032,915	30,783,618	910	-0-	-0-	30,784,528
Depreciation and amortization	21,005,914	915,663	21,921,577	1,421	9,657	-0-	21,932,655
Interest	8,505,594	7,910	8,513,504	-0-	-0-	-0-	8,513,504
Total operating expenses	376,599,363	26,481,402	403,080,765	1,198,318	993,721	(2,237,050)	403,035,754
Income (loss) from operations	(1,212,187)	643,461	(568,726)	541,206	(19,778)	-0-	(47,298)
<b>Nonoperating gains</b>							
Investment income	613,478	10,703	624,181	76,719	-0-	19,779	720,679
Other	441,589	(411)	441,178	-0-	-0-	(617,906)	(176,728)
Total nonoperating revenues	1,055,067	10,292	1,065,359	76,719	-0-	(598,127)	543,951
Net income (loss)	\$ (157,120)	\$ 653,753	\$ 496,633	\$ 617,925	\$ (19,778)	\$ (598,127)	\$ 496,653