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Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission
"To Heal, To Educate, To Care" is the mission of Adena Health System Adena Health System is a regional healthcare system providing a wide scope of services to a 13 county area in south-central Ohio

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 309,026,614 including grants of \$ 97,223) (Revenue \$ 355,752,489)
Health Care Programs, General/Other Routine hospital services - Room and board testing and monitoring by various ancillary specialties, physical therapy and surgical services There were 14,464 inpatients and 911,771 outpatients treated in 2011

4b (Code) (Expenses \$ 4,901,053 including grants of \$ 0) (Revenue \$ 5,638,728)
Emergency Services - Treatment of emergency accident and illness as well as less urgent conditions in the absence of a family physician The number of visits in 2011 was 53,870











4c (Code) (Expenses \$ 4,081,483 including grants of \$ 0) (Revenue \$ 4,759,965)
The Hospice and Home Health departments provide medical care, medications, home health needs, bereavement counseling prescriptions, food and shelter to patients There were 12,357 Hospice patient days in 2011

4d Other program services (Describe in Schedule O)
(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e **Total program service expenses** \$ 318,009,150

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 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	No
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, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	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, Part 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, Part 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	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 Yes	
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? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes	
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	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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 owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>		
		YesNo
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a125
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1cYes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return	2a2,194
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2bYes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3aYes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3bYes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4aNo
b	If "Yes," enter the name of the foreign country <input type="text"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5aNo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5bNo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6aNo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b
7	Organizations that may receive deductible contributions under section 170(c).	
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7aNo
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7cNo
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7eNo
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7fNo
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8
9	Sponsoring organizations maintaining donor advised funds.	
a	Did the organization make any taxable distributions under section 4966?	9a
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b
10	Section 501(c)(7) organizations. Enter	
a	Initiation fees and capital contributions included on Part VIII, line 12	10a
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b
11	Section 501(c)(12) organizations. Enter	
a	Gross income from members or shareholders	11a
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state	13a
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b
c	Enter the aggregate amount of reserves on hand	13c
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14aNo
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b

Part VI

Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response 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	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed ▶ _____
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <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 made 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 ▶ Dawn Bennett Johnson Int Controller 272 HOSPITAL ROAD CHILLICOTHE, OH 456019031 (740) 779-4200

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

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

Form **990** (2011)

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	13,525,551	0	626,366

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 221

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Kings Medical Company PO Box 72483 Cleveland, OH 44192	MRI Services	2,495,475
Tatum LLC PO BOX 847872 Dallas, TX 752847872	Staffing Services	2,304,309
The Pendleton Group Inc 200 Chartwell Pt Road Seneca, SC 29672	Consulting	1,199,419
Premier Health Care Services Inc 332 Congress Park Drive Dayton, OH 45459	ER coverage, house coverage	996,324
Medical Doctor Associates PO Box 277185 Atlanta, GA 303847185	Medical Staffing Services	554,357

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 17

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a	0	4,108,646			
	b	Membership dues	1b	65,445				
	c	Fundraising events	1c	3,000				
	d	Related organizations	1d	3,202,905				
	e	Government grants (contributions)	1e	253,338				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	583,958				
	g	Noncash contributions included in lines 1a-1f \$ 0						
	h	Total. Add lines 1a-1f						
Program Service Revenue			Business Code					
	2a	Net Patient Service Revenue	622110	366,151,182	366,151,182	0	0	
	b							
	c							
	d							
	e							
	f	All other program service revenue		0	0	0	0	
	g	Total. Add lines 2a-2f			366,151,182			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)						
				5,782,844	0	0	5,782,844	
	4	Income from investment of tax-exempt bond proceeds . . .			0	0	0	
	5	Royalties			0	0	0	
	6a	(i) Real		(ii) Personal	94,150	0	0	94,150
		94,150		0				
		0		0				
		94,150		0				
	d	Net rental income or (loss)			94,150	0	0	94,150
	7a	(i) Securities		(ii) Other	-136,009	0	0	-136,009
		0		1,443,089				
		0		1,579,098				
		0		-136,009				
	d	Net gain or (loss)			-136,009	0	0	-136,009
	8a	Gross income from fundraising events (not including \$ 3,000 of contributions reported on line 1c) See Part IV, line 18			-19,976		0	-19,976
	a	79,520						
	b	99,496						
	b	Less direct expenses						
	c	Net income or (loss) from fundraising events . . .					0	
	9a	Gross income from gaming activities See Part IV, line 19						
	a							
	b							
b	Less direct expenses							
c	Net income or (loss) from gaming activities . . .							
10a	Gross sales of inventory, less returns and allowances			22,136	0	0	22,136	
a	147,932							
b	125,796							
c								
c	Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue		Business Code						
11a	Food & Nutrition		622110	1,246,679	0	0	1,246,679	
b	Consulting Fees		622110	135,984	135,984	0	0	
c	All Other Revenue		622110	395,205	0	11,689	383,516	
d	All other revenue			0	0	0	0	
e	Total. Add lines 11a-11d			1,777,868				
12	Total revenue. See Instructions			377,780,841	366,287,166	11,689	7,373,340	

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)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	97,223	97,223		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	8,026,932	4,410,494	3,616,438	
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	147,470,030	131,828,677	15,641,353	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,354,135	6,482,809	1,871,326	
9	Other employee benefits	22,175,516	19,086,603	3,088,913	
10	Payroll taxes	8,968,916	7,691,914	1,277,002	
11	Fees for services (non-employees)				
a	Management	29,383,186	21,877,063	7,506,123	
b	Legal	807,060		807,060	
c	Accounting	120,000		120,000	
d	Lobbying	1,722		1,722	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other				
12	Advertising and promotion	1,762,453	13,865	1,748,588	
13	Office expenses	381,935	284,893	97,042	
14	Information technology	142,407	17,385	125,022	
15	Royalties				
16	Occupancy	4,111,963	1,915,865	2,196,098	
17	Travel	1,848,656	1,227,805	620,851	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	9,019,457	6,999,099	2,020,358	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	18,417,236	11,194,064	7,223,172	
23	Insurance	2,575,008	2,454,503	120,505	
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	Operating Supplies	59,821,112	59,499,211	321,901	0
b	Provision for Bad Debt	32,710,711	32,710,711	0	0
c	Repair, Maintenance & Rental	17,025,563	6,125,529	10,900,034	0
d	Taxes	2,760,090	0	2,760,090	0
e					
f	All other expenses	4,091,437	4,091,437		
25	Total functional expenses. Add lines 1 through 24f	380,072,748	318,009,150	62,063,598	0
26	Joint costs. Check here <input 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			11,632	1	10,848
	2	Savings and temporary cash investments			77,635,482	2	75,912,428
	3	Pledges and grants receivable, net			4,565,558	3	4,554,026
	4	Accounts receivable, net			47,965,899	4	44,303,899
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			0	5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L			0	6	
	7	Notes and loans receivable, net			0	7	
	8	Inventories for sale or use			6,449,362	8	5,582,037
	9	Prepaid expenses and deferred charges			2,951,771	9	3,046,536
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	342,858,768			
	b	Less: accumulated depreciation	10b	186,859,504	143,789,834	10c	155,999,264
	11	Investments—publicly traded securities			127,550,069	11	114,131,981
	12	Investments—other securities. See Part IV, line 11			0	12	
	13	Investments—program-related. See Part IV, line 11			0	13	
	14	Intangible assets			0	14	
	15	Other assets. See Part IV, line 11			8,363,324	15	7,155,225
	16	Total assets. Add lines 1 through 15 (must equal line 34)			419,282,931	16	410,696,244
Liabilities	17	Accounts payable and accrued expenses			30,848,157	17	32,054,059
	18	Grants payable			0	18	
	19	Deferred revenue			0	19	
	20	Tax-exempt bond liabilities			179,713,947	20	178,919,218
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			0	21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			0	22	
	23	Secured mortgages and notes payable to unrelated third parties			0	23	
	24	Unsecured notes and loans payable to unrelated third parties			0	24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			16,654,913	25	16,874,345
	26	Total liabilities. Add lines 17 through 25			227,217,017	26	227,847,622
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			191,651,223	27	182,286,137
	28	Temporarily restricted net assets			414,691	28	562,485
	29	Permanently restricted net assets			0	29	0
	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			192,065,914	33	182,848,622
	34	Total liabilities and net assets/fund balances			419,282,931	34	410,696,244

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	377,780,841
2	Total expenses (must equal Part IX, column (A), line 25)	2	380,072,748
3	Revenue less expenses Subtract line 2 from line 1	3	-2,291,907
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	192,065,914
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-6,925,385
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	182,848,622

Part XII Financial Statements and Reporting

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

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

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

2011

Open to Public
Inspection

Name of the organization ADENA HEALTH SYSTEM	Employer identification number 31-4379443
---	--

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 **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 IRC 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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))	14					
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15					
16a 33 1/3% support test—2011. 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—2010. 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—2011. 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—2010. 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 IIIPart III

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

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

Facts And Circumstances Test

Explanation

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

2011

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, line 35c (Proxy Tax), then

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

Name of the organization ADENA HEALTH SYSTEM	Employer identification number 31-4379443
---	--

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 on behalf of or in opposition to candidates for public office 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 Form 1120-POL 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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<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) 2008	(b) 2009	(c) 2010	(d) 2011	(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
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		1,722
	j Total lines 1c through 1i			1,722
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to 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).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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
SchC_P2B_S00_L01	Schedule C, Part II-B, Line 1	The Ohio Hospital Association does lobbying on behalf of hospital related causes. This activity is paid for through dues paid to the Ohio Hospital Association.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

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 <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 <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
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

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

b

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) 2011

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part 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	979,299	859,540	762,259	615,256	
b Contributions	48,900	50,593	170,668	263,999	
c Investment earnings or losses	30,021	101,333	85,016	641	
d Grants or scholarships	7,757	32,167	0	18,520	
e Other expenditures for facilities and programs	0	0	158,403	99,117	
f Administrative expenses	0	0	0	0	
g End of year balance	1,050,463	979,299	859,540	762,259	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 1 00 %

b

Permanent endowment ▶ 0 %

c

Term endowment ▶ 0 %

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

Yes

No

3a(ii)

Yes

b

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

3b

Yes

4

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

Part VI

Land, Buildings, and Equipment.

See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	2,393,357		2,393,357
b Buildings	0	147,803,589	51,828,712	95,974,877
c Leasehold improvements	0	10,308,569	10,021,569	287,000
d Equipment	0	154,582,477	120,424,628	34,157,849
e Other	0	27,770,776	4,584,595	23,186,181
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				155,999,264

Part XI Reconciliation 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 XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part 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 XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part 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 XIV Supplemental Information		
Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, 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
SchD_P05_S00_L04	Schedule D, Part V, Line 4	A dena Health Foundation Endowment Funds are used to provide scholarships and offset operating expenses of PACCAR Medical Education Center

SCHEDULE G
(Form 990 or 990-EZ)

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19,
or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☐ Mail solicitations

b

☐ Internet and e-mail solicitations

c

☐ Phone solicitations

d

☐ In-person solicitations

e

☐ Solicitation of non-government grants

f

☐ Solicitation of government grants

g

☐ Special fundraising events

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Total ▶						

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

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

Cat No 50083H

Schedule G (Form 990 or 990-EZ) 2011

Part II Fundraising Events.

Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		Charity Ball (event type)	Plant Sale (event type)	0 (total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	15,787	66,733	82,520
	2	Less Charitable contributions	3,000	0	3,000
	3	Gross income (line 1 minus line 2)	12,787	66,733	79,520
Direct Expenses	4	Cash prizes	0	0	0
	5	Non-cash prizes	0	0	0
	6	Rent/facility costs	1,325	0	1,325
	7	Food and beverages	1,898	0	1,898
	8	Entertainment	0	0	0
	9	Other direct expenses	30,413	65,860	96,273
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			(99,496)
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			-19,976

Part III Gaming.

Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming
					(Add col (a) through col (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7 Direct expense summary Add lines 2 through 5 in column (d) ▶					()
8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶					

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

- 11

Does the organization operate gaming activities with nonmembers?

Yes

No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

Yes

No

13

Indicate the percentage of gaming activity operated in

<div>a</div> <div>The organization's facility</div>	<div>13a</div>	
<div>b</div> <div>An outside facility</div>	<div>13b</div>	

14

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

Yes

No

b

If "Yes," enter the amount of gaming revenue received by the organization \$ and the amount of gaming revenue retained by the third party \$

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation \$

Description of services provided

Director/officer

Employee

Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

Yes

No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV

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

Identifier	ReturnReference	Explanation
------------	-----------------	-------------

Schedule G (Form 990 or 990-EZ) 2011

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

2011

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost						
Charity Care 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 Charity care at cost (from Worksheet 1)			20,418,512	4,761,170	15,657,342	4 5 %
b Medicaid (from Worksheet 3, column a)			68,156,834	40,022,850	28,133,984	8 08 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d Total Charity Care and Means-Tested Government Programs	0	0	88,575,346	44,784,020	43,791,326	12 58 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			880,827	0	880,827	0 25 %
f Health professions education (from Worksheet 5)			0	0	0	0 %
g Subsidized health services (from Worksheet 6)			0	0	0	0 %
h Research (from Worksheet 7)			0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			98,723	0	98,723	0 03 %
j Total Other Benefits	0	0	979,550	0	979,550	0 28 %
k Total. Add lines 7d and 7j	0	0	89,554,896	44,784,020	44,770,876	12 86 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	32,710,711	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,635,536	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	67,477,769	
6Enter Medicare allowable costs of care relating to payments on line 5	6	59,421,722	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	8,056,047	
8Describe 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

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

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

Name and address

[illegible]

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)

Adena Regional Medical Center

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 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) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 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	3	
4 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	4	
5 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) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 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	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
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 checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
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 checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" 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 checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

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 (FAP) that explained actions the hospital facility may take upon non-payment?	14		No
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP 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 or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged 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 similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the 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 checked="" 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 patients were eligible for financial assistance under the hospital facility's financial assistance policy 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 why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
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)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
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		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 15

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health 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
SchH_P01_S00_L03c	Schedule H, Part I, Line 3c	We have inserted the wording from our 2011 audited consolidated financial statements that deals with charity care "The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenue Charity care is determined based on established policies, using patient income and assets to determine payment liability The amount reflects the cost of free or discounted health services, net of contributions and other revenues received, as direct assistance for the provision of charity care "

Identifier	ReturnReference	Explanation
SchH_P01_S00_L06a	Schedule H, Part I, Line 6a	Annually, Adena Health System provides a Community Benefit Report to the community of Chillicothe listing all system services and accomplishments including community benefit services

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	The cost-to-charge ratio derived from Worksheet 2 was used to convert charges to costs in Line 7a and 7b Actual costs were used in Line 7e

Identifier	ReturnReference	Explanation
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	Bad debt expense of \$32,710,711 was deducted from total operating expenses when calculating the percentages in this column

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	All self pay claims are turned over to a collection vendor. The vendor determines if the claim is charity after the patient supplies appropriate documentation. However, the hospital believes that 5% of the bad debt expense in Part III, Line 2 are amounts that would be attributable to patients under the hospital's financial assistance policy. The 5% is only a rough estimate at this time. The system is reviewing options to better estimate this for 2012 activity. We do not have separate financial statements for Adena Health System. It is included in the consolidated statements. The billing for Adena Health System is centralized and billing and collection procedures are uniform between the two hospitals in the system. The footnote in our financial statements includes the following about our bad debt expense and allowance for uncollectibles: "An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the System's ability to collect outstanding amounts. Uncollectible accounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible."

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	The Medicare Advantage plan incurred a shortfall of \$8,693,699 in 2011. Our service area is a very rural 13 county area in southern Ohio. The population is an aging population which results in Medicare as our largest payer group. In addition, the economic conditions that result from Appalachian designation create a recruiting issue. To combat this issue, we are forced to not only employ physicians but must pay a premium to get them to agree to serve the area's residents. Based on these issues, we believe service to our Medicare population is a community benefit. Also, the hospital used the methodology required for completing the Medicare Cost Report when determining the amount on Part III - Line 6.

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	The system's collection based bad debt policy clearly states "If agencies identify accounts that qualify for charity care or financial assistance, they are to cease further collection activities and return accounts to Adena Health System for disposition

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L19	Schedule H, Part V, Section B, Line 19	The patient is initially charged regular hospital rates for services performed. The patient then completes an Application for Financial Aid form and returns it to the financial counselors. HCAP/charity adjustments are administered based on proof of income and the tables of the Federal Poverty Limits (FPL) in the following manner: 1. 100% write-off and HCAP eligible - less than 100% FPL; 2. 90% write-off - between 101 - 150% of FPL; 3. 75% write-off - between 151 - 250% of FPL; 4. 50% write-off - between 251 - 350% FPL; 5. 25% write-off between 351 - 400% FPL; 6. 0% write-off - greater than 400% FPL. Management decided to limit the discount to those under the 400% FPL, based on management's experience at other institutions along with a cursory review of hospitals in the local market.

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	<p>A recent study with the Ohio State University's College of Public Health's Center for Public Health Practice reflects the community health status of Adena Health System's service region. In addition, a study by Ohio University's Voinovich School of Leadership and Public Affairs developed a snapshot assessment of the communities served by Adena Health System. Adena also measures the needs of communities and populations based on applications it receives from area nonprofit organizations, including schools. The study's common findings show that those living in Adena's service region are among Ohio's most vulnerable populations. Our community faces unique health risks and barriers as a result of social status, human capital, social capital and risk. Many require special services and/or enhanced outreach. A serious threat to the overall health of people in Adena's service area is obesity. The majority of people in our service region are overweight or obese. Overweight and obese people are at a higher risk of developing conditions such as diabetes, hypertension and high cholesterol, among other conditions that lead to chronic disease. Children are at similar risk for health problems when overweight or obese, which could have a long term impact on their lives. The incidence of diabetes, cancer and heart disease are prominent in Adena's patient population. Mortality studies comparing Adena's service region to U.S., Ohio and peer county rates show death rates from cardiovascular disease and cancer are of concern. County Health Rankings data indicates that six of eight counties in the Adena service region rank in the bottom 25 percent in health outcomes. The majority of our community outreach efforts are focused on educating our patients on the importance of better healthcare, positive lifestyle decisions and disease prevention - and guiding them on their healthcare journey.</p>

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	The availability of financial assistance is communicated in the following manner 1 Statements from Adena as well as collection vendors explain and list the 100% guidelines on the backside of the statement 2 There is signage explaining the program at all the registration areas 3 A contracted vendor supplies staff at the Cashier area to explain options available to the patient 4 We send an application with the self-pay discount letters in case the patient/guarantor can't set up a payment plan 5 The Customer Service staff is educated on all the options and can explain the programs when patients call 6 Our physician offices, as well as collection vendors have financial aid applications available 7 Lastly, we utilize a "hindsight" vendor that screens all bad debt accounts, after the year-end, against the state Medicaid eligibility and Federal Poverty Guidelines to attempt one last effort to obtain financial assistance for individuals

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Adena Health System serves the needs of more than 500,000 people in 13 counties in south-central Ohio The following details the number of people in the Adena service region group by vulnerabilities 16 7% No high school diploma 12 2% Unemployed 3 1% Work disabled 6 1% Major depression 6 5% Recent drug user More than 18 percent of those living in Adena's service area live under poverty level averages, which range from 14 2 percent to 22 9 percent The poverty rate for all of Ohio is 15 1 percent A high proportion of Adena patients have no or limited health insurance coverage, these include 9 6% Uninsured 16 6% Medicare beneficiaries 24 7% Medicaid beneficiaries Data shows that nearly 10 percent of Adena service region residents are uninsured While slightly below the state average of 13 percent, this percentage may increase due to the economic climate and unemployment rates Eight counties included in the report have been designated as Medically Underserved Areas and/or populations These shortages may result in a lack of both preventive care and treatment services - factors that may contribute to the region's morbidity and mortality rates

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	<p>Adena Health System serves nearly a half-million patients in Ohio's Appalachian region. Many people in the region struggle with obesity, diabetes and heart disease. In addition, poverty levels in the region are among the highest in the state. Many of our patients are in need financially and in terms of health coverage. Adena and its employees recognize the value of our healthcare services for those our communities, in addition to the variety of needs many of our patients have. To meet those needs, Adena and its employees participated in the following activities and services to enhance the health and well-being of the patients we serve.</p> <p>Hope Clinic: About 18 percent of Ross County residents, or nearly one-in-five, have no form of health insurance. To ensure access to health care, the Hope Clinic of Ross County was in development in 2011 (opening in January 2012). Adena was involved in the planning and preparation. Once open, Adena physicians and nurses will volunteer their time at the Clinic, providing free health care to those needing it the most. Adena (PACCAR) Medical Education Center: Basic First Aid and CPR courses provided to organizations within the region served by Adena Health System. The courses help educate the public about what they can do when faced with a medical emergency, until professional help arrives. Among those who have taken advantage of the courses are area organizations including Big Brothers and Big Sisters, Kenworth Trucking, McDonald's Restaurants, Ross County Engineer's Office, Ross County Health Department and Southern Ohio Eye Surgery Center. In addition to First Aid and CPR courses, Adena's community course offerings include Advanced Cardiac Life Support and a Neonatal Resuscitation Program.</p> <p>Athletic Trainers: To ensure the safety and health of local teen athletes, Adena provides athletic trainers free-of-charge to seven high schools in four counties in its service region. Adena sports medicine physicians are available on Saturday morning's to evaluate local athletes' injuries. The Health System's athletic trainers also provide community educational programs, including rehabilitation and nutrition education, CPR classes and school sports physicals. In addition, our trainers provide free services at community events including Gus Macker 3-on-3 tournament, OHSA All-star tournament, and various other events.</p> <p>Employees Giving Back: Coats for Kids. For the fourth year, Adena employees raised hundreds of coats for children from low-income homes throughout our service region. More than 300 new or gently used coats were donated in 2011.</p> <p>Food Pantry Assistance: Adena's Strategy Division packed 700 bags of groceries (4,900 cans) at the Good Samaritan Food Pantry, as a way of helping the less fortunate in the area during Thanksgiving. The unemployment rate for the region is higher than average and the food pantry is crucial in feeding many families.</p> <p>Pediatric Auction: Staff of Adena Pediatrics held an in-house charity auction with proceeds going to needy children in the community. More than \$1,600 was raised and donated to 15 children who were identified by the Salvation Army as having significant need.</p> <p>Raising Awareness of Sexual Violence: Adena partnered with the Ross County Sexual Assault Response Team to host "Take a Walk in Her Shoes" event to raise money and awareness to the problem of sexual violence in the region. \$2,000 was raised to train volunteer sexual assault victim advocates.</p> <p>Free Mammograms: Hundreds of uninsured and underinsured women in Adena's service region received mammograms as part of the "A Promise to Keep" program. The Health System applied for grant funding to help cover some cost of the program, which is vital in finding breast cancer early. Women in Appalachia are typically diagnosed in more advanced stages of the disease, due to lack of insurance or education on the importance of mammography.</p> <p>Kid Shape: Obesity is a major health concern in Adena's service area. To help children and their families learn about eating healthy and lose weight, Adena dieticians teach the eight-week Kid Shape course. The Adena Health Foundation covers 2/3 of the cost of the program to ensure participation is not costly. Eighty-seven percent of KidShape participants lose weight and 80% of participants keep the weight off after two years.</p> <p>Adena Weigh: To combat obesity in our community, Adena sponsors a weight loss and lifestyle coaching program with a registered dietitian to improve the health of our patients and staff. A registered dietitian assesses the client's diet quality and makes recommendations for health improvement and weight loss. Patients learn their body mass index, waist circumference, health risks based on your eating habits, diet improvement and determine a weight loss goal.</p> <p>Donation to Open Community Pool: When the City of Chillicothe did not have the funds to open the community swimming pool, Adena stepped up with a \$20,000 donation. Many in the community</p>

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	y do not have the means to air condition their homes, and the pool serves as a way for fam ilies to stay cool in the hot weather, as well as offers the health benefits involved in s wimming and being active Community Education Adena personnel participate in numerous hea lth screenings and health education events to promote better health and lifestyle choices to those living in our service area These include visits to schools, senior center, commu nity organizations, and more Healthcare Career Event Adena hosts a healthcare career nig ht for students in grades 7 through 12 At the event, colleges and universities present in formation about careers in healthcare and the curriculum available for students Informati on presented in breakout sessions include EMS, Medical Assistant, Medical Office, Medical Therapies, Non-Direct Patient Care, Nursing, Physician, Physician Assistant, Pharmacy, Ra diology, Respiratory and Simulation - Virtual Hospital

Identifier	ReturnReference	Explanation
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	<p>Founded in 1895, Adena Health System is an independent, not-for-profit healthcare organization based in Chillicothe, OH. The Health System includes two hospitals and six regional clinics, with a total of 286 beds. Adena serves the needs of nearly 500,000 people in 13 counties, living in Ohio's Appalachian region. Our facilities include Adena Regional Medical Center, A 261-bed inpatient hospital in Chillicothe, OH featuring an emergency department, diagnostic and treatment services, advanced surgical suites, intensive/cardiac care, medical office building and the Adena Health Pavilion, which includes outpatient surgery, physician offices and the Adena Sleep Center. In 2011, Adena invested \$21 million in the construction of a 35,000 square-foot Cancer Center to provide patients with access to cancer diagnosis and treatment at a facility near their homes. The Cancer Center opened in January 2012. Adena Greenfield Medical Center, A critical access hospital and 25-bed inpatient facility in Greenfield, OH features an emergency department, inpatient rehabilitation unit and medical/surgical, diagnostic and treatment services, as well as family practice and specialty physicians, directly benefiting Highland County and surrounding communities. Adena Health Centers, Located in Chillicothe and with regional sites in Circleville, Jackson, Oak Hill, Washington Court House and Waverly, OH. Our health centers include physician offices, diagnostic and treatment services, physical, occupation and speech therapies. Urgent care services are offered in Chillicothe and Waverly. Adena Home Care and Hospice Provides highly personalized, quality care to patients of four service lines -- home health, hospice, home respiratory and home infusion. Adena Rehabilitation and Wellness Center Provides physical, occupational, massage and industrial rehabilitation, as well as orthopaedics, sports medicine, women's health, vestibular, fibromyalgia and chronic pain programs, as well as industrial and specialized hand programs. Adena Counseling Center Provides a wide range of outpatient counseling services, including group, individual and family counseling. A variety of support groups also meet at the center. Off-Campus Physician Offices A number of physician offices are located throughout the region served by Adena. These include offices for family physicians, endocrinologists, gerontologists and urologists. Telemedicine In 2011, the Health System continued its affiliation with the Southern Ohio Health Care Network (SOHCN), a partnership of the region's three largest healthcare providers -- Adena, O'Bleness Health System and Holzer Consolidated Health Systems. This partnership has resulted in the construction of an expansive fiber optic broadband telecommunications network to serve the healthcare and educational needs of people living in Ohio's Appalachian region. Through this technology, telemedicine is enabling patients to be on Adena's campus, but treated by physicians outside the region. Adena has telemedicine relationships with Ohio State University Medical Center, Riverside Methodist Hospital, and Nationwide Children's Hospital in Columbus.</p>

Additional Data

Software ID: 11000129
Software Version: v1.00
EIN: 31-4379443
Name: ADENA HEALTH SYSTEM

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

[illegible]

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed
- | (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|------------|------------------------------------|--------------------------|-----------------------------------|---|--|--|
| (1) City of Chillicothe35 S Paint Street Chillicothe, OH 45601 | 31-6400221 | 501(c)(3) | 20,100 | | Book | | Sponsorship of the community pool and DARE Run |
| (2) Adena Mansion & Gardens Society848 Adena Road Chillicothe, OH 45601 | 27-1330314 | 501(c)(3) | 10,000 | | Book | | Sponsorship to help manage the Adena historical mansion |
| (3) Chillicothe Education Foundation45 East Main Street Chillicothe, OH 45601 | 31-1480939 | 501(c)(3) | 9,000 | | Book | | Sponsorship of the "Leader-in-Me" program for the Chillicothe City Schools |
| (4) South Central Ohio Big Brothers and Big Sisters173 West Second Street Chillicothe, OH 45601 | 31-0968026 | 501(c)(3) | 5,207 | | Book | | Sponsorship of community based program for volunteer mentors |
| | | | | | | | |
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| | | | | | | | |
- 2

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

4

3

Enter total number of other organizations listed in the line 1 table

0
- For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 50055P

Schedule I (Form 990) 2011

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
SchI_P01_S00_L02	Schedule I, Part I, Line 2	Each grantee is required to submit 2 progress reports and a final report with an accounting for the use of funds. In addition to progress reports, Community Health staff visit each grantee at least twice during the project period. Summary reports are prepared for the for the Health System's Board of Trustees.

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

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
ADENA HEALTH SYSTEM

Employer identification number

31-4379443

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		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	Yes
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	Yes
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or 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	

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.

[illegible]

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
SchJ_P01_S00_L01a	Schedule J, Part I, Line 1a	Adena Health System provides for a membership to the local Country Club for all Officers and Key Employees. This benefit is taxed.
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	Elisabeth Williams was terminated as Chief Strategy Officer for Adena Health System in January 2011 and is being paid severance bi-weekly for 18 months.
SchJ_P01_S00_L06	Schedule J, Part I, Line 6	The Adena Health System Management Incentive Plan was established to communicate strategic performance priorities to the management team and to encourage the highest level of performance in the delivery of health care services. The Incentive Award is funded by an Incentive Pool based upon Margin Percentage recommended by Management and approved by the Executive Compensation Committee. The Incentive Pool shall be based upon the percentage of "salary at risk" and number of participants for each eligibility level. Prior to the beginning of each Plan Year, organizational goals shall be developed to support and further the accomplishments of the System's mission, strategic plan, financial goals and business outcomes. At the end of each Plan Year, Management, with the support of the CFO and CHRO, shall submit a report summarizing the performance level of the System and the recommended funding level for the Incentive Pool. This proposal is approved by the Executive Compensation Committee.

Software ID: 11000129
Software Version: v1.00
EIN: 31-4379443
Name: ADENA HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Jack Berno	(i) (ii)	292,617 0	0 0	1,791 0	0 0	14,161 0	308,569 0	0 0
Doug Folzenlogen	(i) (ii)	406,788 0	9,286 0	8,091 0	0 0	19,553 0	443,718 0	0 0
Allen Shaw	(i) (ii)	221,974 0	0 0	552 0	0 0	11,070 0	233,596 0	0 0
Mark Shuter	(i) (ii)	662,349 0	31,951 0	31,332 0	24,895 0	21,537 0	772,064 0	0 0
Keith Coleman	(i) (ii)	303,600 0	22,409 0	3,182 0	24,084 0	22,295 0	375,570 0	0 0
Jack Baker	(i) (ii)	597,167 0	0 0	1,117 0	0 0	19,646 0	617,930 0	0 0
Karen Bolton	(i) (ii)	203,812 0	22,207 0	9,209 0	16,700 0	15,321 0	267,249 0	0 0
Wayne Coats	(i) (ii)	382,575 0	0 0	7,896 0	0 0	19,595 0	410,066 0	0 0
Michele Federer	(i) (ii)	417,675 0	0 0	16,797 0	0 0	7,433 0	441,905 0	0 0
John Fortney	(i) (ii)	327,547 0	21,679 0	16,186 0	0 0	23,546 0	388,958 0	0 0
Jeff Graham	(i) (ii)	235,879 0	20,096 0	2,821 0	20,497 0	19,965 0	299,258 0	0 0
Satish Jetty	(i) (ii)	400,691 0	20,096 0	2,821 0	0 0	19,581 0	443,189 0	0 0
Denise Minor	(i) (ii)	167,143 0	12,440 0	2,289 0	8,625 0	21,191 0	211,688 0	0 0
Mark Moffitt	(i) (ii)	154,547 0	0 0	40,194 0	9,287 0	5,528 0	209,556 0	0 0
Eric Perdue	(i) (ii)	146,088 0	6,591 0	112 0	11,307 0	2,311 0	166,409 0	0 0
Barbara Purdom	(i) (ii)	124,134 0	17,322 0	11,334 0	11,391 0	26,161 0	190,342 0	0 0
Patricia Roam	(i) (ii)	130,145 0	14,566 0	10,553 0	12,100 0	11,877 0	179,241 0	0 0
Faitha Shelton	(i) (ii)	193,609 0	10,320 0	256 0	17,691 0	24,676 0	246,552 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Kirk Tucker	(i) (ii)	266,594 0	0 0	229 0	0 0	19,595 0	286,418 0	0 0
Elisabeth Williams	(i) (ii)	12,088 0	0 0	205,514 0	0 0	20,279 0	237,881 0	0 0
Martha Livingston	(i) (ii)	139,393 0	10,844 0	498 0	8,781 0	13,234 0	172,750 0	0 0
Brian Cohen	(i) (ii)	2,570,488 0	0 0	17,460 0	0 0	20,421 0	2,608,369 0	0 0
Thomas Lewis	(i) (ii)	963,790 0	4,359 0	19,198 0	0 0	25,796 0	1,013,143 0	0 0
Rob Bradley	(i) (ii)	880,800 0	0 0	16,842 0	0 0	25,796 0	923,438 0	0 0
James Fleming	(i) (ii)	886,571 0	0 0	10,390 0	0 0	25,796 0	922,757 0	0 0
Kort Gronbach	(i) (ii)	821,265 0	0 0	16,951 0	0 0	23,646 0	861,862 0	0 0
Anthony Freeman	(i) (ii)	928,336 0	0 0	10,105 0	0 0	19,575 0	958,016 0	0 0

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

2011

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

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 County of Ross Ohio	31-6400085	778260EX3	09-17-2008	141,346,983	Current refunding of 2001 and 2006 issues		X		X		X
B County of Ross Ohio	31-6400085		09-15-2010	29,985,000	Infusion Center and Interventional Radiology		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,420,000		0					
2	Amount of bonds defeased	0		0					
3	Total proceeds of issue	196,850,065		30,070,554					
4	Gross proceeds in reserve funds	10,920,538		0					
5	Capitalized interest from proceeds	0		0					
6	Proceeds in refunding escrow	0		0					
7	Issuance costs from proceeds	1,366,439		411,604					
8	Credit enhancement from proceeds	487,668		0					
9	Working capital expenditures from proceeds	0		0					
10	Capital expenditures from proceeds	55,557,232		18,554,400					
11	Other spent proceeds	0		0					
12	Other unspent proceeds	0		11,104,550					
13	Year of substantial completion	2010		2012					
		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	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		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	Bayerische Landesbank							
c	Term of GIC	3							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
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

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☐ Yes ☒ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
SchK_P02_S00_L03	Schedule K, Part II, Line 3	Represents original issue plus unspent proceeds from issue 2006 plus investment earning through December 2011 This is for the 2008 issue
SchK_P02_S00_L06	Schedule K, Part II, Line 6	2001 and 2006 issues were refunded on October 29, 2008 Included \$116,560,000 of principal and \$149,427 of interest This is for the 2008 issue
SchK_P02_S00_L11	Schedule K, Part II, Line 11	\$11,750,000 of issue was used to pay off qualified hedged related to the 2001 and 2006 bonds This is for the 2008 issue
SchK_P03_S00_L02	Schedule K, Part III, Line 2	Adena Health System leases approximately 300 square feet to a for profit company that operates a coffee kioske This is considered de minimus space and so 0% was put in Line 4 of Part III This is for the 2008 issue
SchK_P04_S00_L04a	Schedule K, Part IV, Line 4a	Proceeds invested in GIC from 2006 issue - Unused portion transfers to 2008 issue The GIC matured in July 2009, this was 36 months after the date of issue This is for the 2008 issue
SchK_P05_S00_L00	Schedule K, Part V	While no formal written policy or procedures were in place in 2011, our bond counsel was routinely involved in decisions related to our bonds In addition, in 2012, we have engaged our bond counsel to help us prepare the necessary written procedures This is for the 2008 and 2010 issues

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
2011
Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number

31-4379443

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
See Additional Data Table					

Part V

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

Identifier	Return Reference	Explanation
SchL_P04_S00_L00	Schedule L, Part IV	Steve Burkhardt the Treasurer of Horizon Telcom, Inc regularly abstains from voting and removes himself from discussions concerning Horizon Telcom, Inc

Additional Data

Software ID: 11000129

Software Version: v1.00

EIN: 31-4379443

Name: ADENA HEALTH SYSTEM

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
Horizon Telcom Inc	Business vendor of AHS	931,628	Payment for telephone service		No
Robin Berno	Spouse of Dir Jack Berno	97,275	Employee Compensation		No
Kristin Davis	Daught of COO J Graham	23,963	Employee compensation		No
Dean Kuchta	Spouse of K E Karen Bolton	84,575	Employee compensation		No
Tracy Coats	Spouse of K E Lloyd Coats	7,560	Employee Compensation		No
Lois Jetty	Spouse of K E Satish Jetty	192,475	Employee Compensation		No
Michele Perdue	Spouse of K E Eric Perdue	60,804	Employee compensation		No
Jennifer Strickland	Spouse of B M David Strickland	28,382	Employee Compensation		No
Jennifer White	Daugh in-law of B M Tom White	100,971	Employee compensation		No

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

2011

Open to Public
Inspection

Name of the organization ADENA HEALTH SYSTEM	Employer identification number 31-4379443
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Identifier	Return Reference	Explanation
F990_P06_S0A_L06	Form 990, Part VI, Section A, Line 6	The organization is composed of 9 member churches. All of the churches are in the Chillicothe, Ohio area.

Identifier	Return Reference	Explanation
F990_P06_S0A_L07a	Form 990, Part VI, Section A, Line 7a	The corporate member churches may only elect one person per church to act as their Trustee The Trustee at Large get appointed as follows Section 3 03 of the code of Regulations of AHS - "The Board shall elect six (6) at-large Trustee positions Two of these positions shall be filled with physicians who are members of the active Medical Staff recommended by the Medical Staff in accordance with the Medical Staff bylaws When a vacancy occurs among the four (4) at large Trustees, with the exception of members eligible for reappointment, the Trustee Committee shall nominate to the board a candidate for the vacant position "

Identifier	Return Reference	Explanation
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	Section 2 04 Rights of the Corporate Members (a) The right to elect nine trustees of the Corporation as specified in these Bylaws (b) The right to approve any lease, sale exchange, transfer, or other disposition of all or substantially all of the assets of the Corporation (c) The right to approve any proposed merger or consolidation of the Corporation (d) The right to approve any proposed dissolution of the Corporation (e) The right to approve any proposed change to the fundamental purpose of the corporation as stated in Section 1 01 (f) The right to approve any proposed amendments to the Code of Regulations

Identifier	Return Reference	Explanation
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	The 990 was reviewed with the trustees at a board meeting prior to filing. Each board member was provided with a copy of the 990.

Identifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	The Corporate Compliance Office of Adena Health System annually coordinates the distribution and return of the conflict of interest statements. The Corporate Compliance Officer is responsible for reviewing the responses and communicating any extra steps that need to take place regarding any of the responses. At every Board meeting and committee of the Board, the agenda item of conflict of interest is included and called out. Conflict Board members abstain from voting on the particular items. All Adena Health System employees and board members are subject to the Conflict of Interest policy.

Identifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	Compensation is determined through market surveys on all executives (including CEO) The market surveys are conducted by a 3rd party- Mercer Mercer makes recommendations to the Executive Compensation Committee which is a subcommittee of the board The CEO is not present for the CEO recommendation for integrity purposes The Executive Compensation Committee approves the salary and all aspects of compensation The Chief Human Resources Officer works with the Human Resources department to implement any changes The CEO contract is a 8 year contract The Committee reviews and approves all aspects of the contract which must be approved and signed by all parties prior to processing the changes The process was last undertaken in March 20, 2012

Identifier	Return Reference	Explanation
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	The organization prepares an annual report to the public which includes its statement of revenues and expenses. Additionally, its governing documents and conflict of interest policy is available upon request. The financial statements are not available.

Identifier	Return Reference	Explanation
F990_P11_S00_L05	Form 990, Part XI, Line 5	1 Change in unrealized investment not included in audited financial statements (\$4,261,231) 2 Pension-related Changes Other Than Net Periodic Cost (\$2,658,994) 3 Women's Board/VAC net revenue of (\$5,160) is included in the 990 return

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

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) Adena Medical Group LLC Dept L637 Columbus, OH 43260 27-1370967	Healthcare providers	OH	-28,933,900	6,311,092	Adena Health System
(2) Adena Hospice LLC Adena Health System Sole MBR 272 Hospital Road Chillicothe, OH 45601 27-5340755	Healthcare provider	OH	17,307	1,071,178	Adena Health System
(3) Adena Home Infusion DME and Respiratory LLC Adena Health System Sole MBR Chillicothe, OH 45601 27-3752854	Healthcare provider	OH	212,477	1,304,690	Adena Health System
(4) Adena Home Health LLC Adena Health System Sole MBR Chillicothe, OH 45601 27-3752730	Healthcare provider	OH	-366,138	2,645,869	Adena 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) Greenfield Area Medical Center 550 Mirabeau St Greenfield, OH 45123 31-0993422	Hospital	OH	501(c)(3)	3	Adena Health System	Yes	
(2) Adena Health Foundation 272 Hospital Road Chillicothe, OH 45601 75-3008742	Fundraising	OH	501(c)(3)	11a	Adena Health System	Yes	
(3) Southern Ohio Healthcare Network 272 Hospital Road Chillicothe, OH 45601 26-1566590	Fiberoptic Network Grants	OH	501(c)(3)	11a	Adena Health System	Yes	

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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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
(1) Adena Care 272 Hospital Road Chillicothe, OH 45601 45-3980850	Provide employee health insurance to organizations	OH	Adena Health System	C	0	0	1 00 %

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 related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

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) Greenfield Area Medical Center	c	3,202,905	Book Value
(2) Adena Health Foundation	c	698,275	Book Value
(3) Adena Health Foundation	o	342,315	Book Value
(4) Southern Ohio Healthcare Network	o	366,047	Book Value
(5)			
(6)			

Schedule R (Form 990) 2011

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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Adena Health System and Subsidiaries

**Consolidated Financial Report
with Additional Information
December 31, 2011**

Adena Health System and Subsidiaries

Contents

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Plante & Moran, PLLC

Suite 600

65 E. State St.

Columbus, OH 43215

Tel: 614 849 3000

Fax: 614 221 3535

plantemoran.com

Independent Auditor's Report

To the Board of Directors
Adena Health System and Subsidiaries

We have audited the accompanying consolidated balance sheet of Adena Health System and Subsidiaries (the "System") as of December 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 System's management. Our responsibility is to express an opinion on these consolidated 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Adena Health System and Subsidiaries at December 31, 2011 and 2010 and the consolidated results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

March 9, 2012

Adena Health System and Subsidiaries

Consolidated Balance Sheet

	December 31, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 24,796,877	\$ 29,095,494
Short-term investments (Note 4)	51,176,143	48,678,329
Accounts receivable (Note 3)	46,161,204	49,954,242
Notes and grants receivable - Current	2,628,781	2,267,240
Estimated third-party payor settlements	889,753	4,087,315
Prepaid expenses and other	3,056,624	2,952,080
Inventory	5,702,732	6,584,947
Total current assets	134,412,114	143,619,647
Assets Limited as to Use (Note 4)	117,961,938	130,996,662
Property and Equipment - Net (Note 5)	159,030,397	146,716,571
Indefeasible Right of Use Asset (Note 6)	15,453,929	-
Other Assets		
Notes and grants receivable	1,925,245	2,391,927
Bond issue costs	3,556,055	3,749,253
Other noncurrent assets	3,616,522	1,680,718
Total assets	\$ 435,956,200	\$ 429,154,778

Adena Health System and Subsidiaries

Consolidated Balance Sheet (Continued)

	December 31, 2011	December 31, 2010
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 10)	\$ 3,703,267	\$ 2,659,852
Accounts payable	10,457,634	10,424,405
Accrued liabilities and other:		
Accrued compensation	16,162,027	16,538,008
Deferred compensation	4,051,622	3,575,118
Accrued interest	674,893	707,167
Other accrued liabilities	1,392,492	297,460
Total current liabilities	36,441,935	34,202,010
Long-term Debt and Capital Lease Obligations - Net of current portion (Note 10)	175,215,951	177,054,095
Defined Benefit Plan Liability (Note 11)	13,024,075	11,234,135
Other Liabilities	7,243,918	5,420,778
Total liabilities	231,925,879	227,911,018
Net Assets		
Unrestricted	200,941,784	198,204,769
Temporarily restricted (Note 13)	2,909,337	2,859,791
Permanently restricted (Note 13)	179,200	179,200
Total net assets	204,030,321	201,243,760
Total liabilities and net assets	\$ 435,956,200	\$ 429,154,778

Adena Health System and Subsidiaries

Consolidated Statement of Operations

	Year Ended	
	December 31, 2011	December 31, 2010
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	\$ 379,790,918	\$ 363,533,898
Other	3,178,324	2,475,423
Net assets released from restrictions	66,319	433,818
Total unrestricted revenue, gains, and other support	383,035,561	366,443,139
Expenses		
Salaries and wages	161,345,449	154,768,467
Employee benefits and payroll taxes	41,494,612	39,749,368
Operating supplies and expenses	61,340,019	56,713,448
Professional services and consultant fees	2,607,624	663,590
Purchased services	35,134,856	27,088,659
Insurance	2,629,376	3,021,327
Utilities	4,264,975	4,482,069
Travel/Education	2,013,630	2,144,254
Repair, maintenance, and rental	17,158,349	16,988,672
Taxes	2,937,297	2,371,728
Depreciation and amortization	18,846,003	18,015,878
Provision for bad debts	34,351,874	23,022,669
Interest expense	9,019,457	7,056,694
Total expenses (Note 15)	393,143,521	356,086,823
Operating (Loss) Income	(10,107,960)	10,356,316
Other Income (Expense)		
Interest income and net realized gains (Note 4)	6,119,195	4,261,416
Change in unrealized (losses) gains on trading securities (Note 4)	(4,261,231)	5,334,582
Other expense	(308,086)	(64,036)
Total other income	1,549,878	9,531,962
Excess of Revenue (Under) Over Expenses	(8,558,082)	19,888,278
Net Assets Released from Restriction for Purchase of Capital Assets	726,391	452,606
Pension-related Changes Other Than Net Periodic Cost	(2,658,994)	(565,139)
Grant Income (Note 6)	13,227,700	-
Increase in Unrestricted Net Assets	\$ 2,737,015	\$ 19,775,745

Adena Health System and Subsidiaries

Consolidated Statement of Changes in Net Assets

	Year Ended	
	December 31, 2011	December 31, 2010
Unrestricted Net Assets		
Excess of revenue (under) over expenses	\$ (8,558,082)	\$ 19,888,278
Pension-related changes other than net periodic cost	(2,658,994)	(565,139)
Grant income (Note 6)	13,227,700	-
Net assets released from restriction for purchase of capital assets	726,391	452,606
Increase in Unrestricted Net Assets	2,737,015	19,775,745
Temporarily Restricted Net Assets		
Restricted contributions	792,390	412,453
Restricted investment income	88,350	63,056
Net realized and unrealized (loss) gain on investments	(38,484)	102,051
Net assets released from restriction	(792,710)	(883,509)
Increase (Decrease) in Temporarily Restricted Net Assets	49,546	(305,949)
Permanently Restricted Net Assets		
Net realized and unrealized gain on investments	4,579	38,301
Net assets released from restriction	(4,579)	(38,301)
Change in Permanently Restricted Net Assets	-	-
Increase in Net Assets	2,786,561	19,469,796
Net Assets - Beginning of year	201,243,760	181,773,964
Net Assets - End of year	\$ 204,030,321	\$ 201,243,760

Adena Health System and Subsidiaries

Consolidated Statement of Cash Flows

	Year Ended	
	December 31, 2011	December 31, 2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 2,786,561	\$ 19,469,796
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	18,846,003	18,015,878
Net realized gains on investments	(1,419,099)	(3,233,062)
Net change in unrealized net gains and losses on trading securities	4,261,231	(5,334,582)
Grant income	(13,227,700)	-
Provision for bad debts	34,351,874	23,022,669
Change in accrued pension costs	1,789,940	696,339
Changes in assets and liabilities that (used) provided cash:		
Accounts receivable	(30,558,836)	(30,511,460)
Other current assets	789,203	(397,987)
Other noncurrent assets	(3,968,832)	(371,826)
Accounts payable	33,226	(3,415,489)
Accrued liabilities	2,986,421	1,256,170
HCAP and cost report settlements	3,197,562	(5,360,101)
Net cash provided by operating activities	19,867,554	13,836,345
Cash Flows from Investing Activities		
Purchase of property and equipment	(31,159,829)	(20,059,347)
Purchase of investments	(73,038,507)	(93,147,511)
Proceeds from sale and maturities of investments	80,826,894	57,107,372
Net cash used in investing activities	(23,371,442)	(56,099,486)
Cash Flows from Financing Activities		
Proceeds from issuance of debt obligations	-	30,000,000
Principal payment on long-term debt	(794,729)	(2,062,034)
Net cash (used in) provided by financing activities	(794,729)	27,937,966
Net Decrease in Cash and Cash Equivalents	(4,298,617)	(14,325,175)
Cash and Cash Equivalents - Beginning of year	29,095,494	43,420,669
Cash and Cash Equivalents - End of year	\$ 24,796,877	\$ 29,095,494
Supplemental Cash Flow Information		
Cash paid for interest - Net of capitalized amounts	\$ 9,051,000	\$ 7,009,000
Equipment obtained via capital lease	2,009,000	120,000
Grant income and intangible asset (Note 6)	13,227,700	-

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 1 - Nature of Business and Significant Accounting Policies

Organization - Adena Health System, located in Ross County, Ohio, is a not-for-profit acute-care hospital operating 214 general acute-care beds. Adena Health System provides inpatient, outpatient, and emergency care services for residents of Ross County, Ohio and the surrounding communities.

In September 1999, Adena Health System entered into an affiliation agreement with Greenfield Area Medical Center (Greenfield), a 25-bed acute-care hospital located in Greenfield, Ohio. Greenfield has Section 501(c)(3) status with the IRS. The term of the affiliation agreement is 10 years and shall continue indefinitely thereafter as long as one or more Greenfield services are provided in Greenfield. Following termination, Adena Health System shall remain as the sole member of Greenfield, but all other rights and obligations of the affiliation parties pursuant to the agreement shall no longer continue to apply. The affiliation agreement expired in 2009 and Adena Health System remains the sole member of Greenfield. Adena Health System, in its discretion as the sole member of Greenfield, may at any time amend the articles of incorporation and code of regulations of Greenfield in any manner and take any other action with respect to Greenfield that members of not-for-profit corporations may take under the Ohio not-for-profit corporation law. Effective June 1, 2001, Greenfield received federal critical access hospital (CAH) designation, which is awarded to select small, rural hospitals and allows them to recoup Medicare-defined allowable costs for services provided to Medicare patients. The CAH designation gives Greenfield increased reimbursement so that it can better serve its community. To receive this designation, hospitals must meet specific criteria such as available beds, patient length of stay, and transfer agreements with other facilities.

On January 7, 2002, Adena Health System created the Adena Health Foundation (the "Foundation"). The purpose of the Foundation is to support Adena Health System and community programs to improve the health and well-being of the people served by Adena Health System. The Foundation received its 501(c)(3) status from the IRS on April 10, 2002.

On December 14, 2007, Adena Health System created Southern Ohio Health Care Network, Inc. (SOHCN). The purpose for which SOHCN was formed was to create an inclusive and sustainable broadband healthcare network open to all providers in the southern Ohio service area. The System applied for tax exemption for SOHCN during 2011 and is awaiting a response on the request.

On October 19, 2009, Adena Health System created Adena Medical Group, LLC (AMG). AMG is a disregarded entity with Adena Health System as its sole member. AMG was formed to employ physicians to provide patient care within the Adena Health System, and it became operational on April 1, 2010.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

On August 11, 2010, Adena Health System created Adena Hospice, LLC, Adena Home Health LLC, and Adena Home Infusion, DME & Respiratory, LLC, collectively referred to as "Adena Home Care." The entities were formed to provide hospice care, home health services, and DME equipment/services, respectively, to patients within the Adena Health System service area.

On November 10, 2011, Adena Health System created Adena Care, Inc., which is doing business as (d/b/a) Adena Health Plan. Upon commencement of activity, Adena Health Plan will function as a taxable entity and was formed to market employee health insurance to organizations in Ohio.

On March 1, 2012, the System became the sole corporate member of Pike Community Hospital. The System took operational control effective March 1, 2012. In March 2012, the Hospital deposited with U.S. Bank National Association, as trustee, an amount sufficient to pay the principal of and interest (1997 - \$2,612,132, 1999 - \$2,012,635) on the County of Pike, Ohio Hospital Facilities Revenue Bonds, Series 1997 (Pike Health Services, Inc. Project) and the County of Pike, Ohio Hospital Facilities Revenue Bonds, Series 1999 (Pike Health Services, Inc.) (collectively, the "Bonds") due on April 9, 2012 upon the optional redemption of the Bonds. Pursuant to the Trust Indenture dated as of July 1, 1997, as amended and supplemented (the "Indenture"), between the County of Pike, Ohio and the trustee, upon the deposit with the trustee of the amount equal to the redemption price of the Bonds, the lien of the Indenture will be defeased and the Bonds will no longer be considered outstanding under the Indenture.

Management has not completed the initial accounting for this transaction and therefore no disclosures related to recognized goodwill or supplemental pro forma information related to revenue of Pike Community Hospital from the transaction are included in the consolidated financial statements.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of Adena Health System and its subsidiaries, Greenfield Area Medical Center, Adena Health Foundation, Southern Ohio Health Care Network, Inc., Adena Medical Group, LLC, Adena Hospice, LLC, Adena Home Health LLC, Adena Home Infusion, DME & Respiratory, LLC, and Adena Care, Inc. d/b/a Adena Health Plan (collectively, the "System"). All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the System's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors utilizing current reimbursement methodologies and payment rates.

Physician Receivables and Advances - The System has entered into agreements to loan money to physicians. Based upon the terms of the agreements, these loans are to be repaid by the physicians or fulfilled through providing services at the System for an agreed-upon time period. Most of these loans are expected to be satisfied by the physicians providing services at the System. These amounts are shown as notes and grants receivable on the consolidated balance sheet.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over (under) expenses unless the income or loss is restricted by donor or law.

Assets Limited as to Use - Assets limited as to use include assets designated by the board of directors for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes, and assets held by trustees in connection with repayment of principal and interest on bond indebtedness. Assets limited as to use also include assets temporarily restricted or permanently restricted by the donor.

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

Property and Equipment - Property and equipment amounts are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Indefeasible Right of Use Asset - The indefeasible right to use asset is recorded at cost and is being amortized over the estimated useful life of the asset of 24 years.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

Unamortized Bond Issuance Costs - Unamortized bond issuance costs are amortized over the term of the bonds.

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

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

Net Patient Service Revenue - The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

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

Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the System's total operating expenses less bad debt expense divided by gross patient service revenue. The System estimates that it provided approximately \$18,445,000 and \$18,086,000 of services to indigent patients during 2011 and 2010, respectively. The System received approximately \$3,572,000 and \$4,104,000 in net distributions from the Ohio Medicaid HCAP program during 2011 and 2010, respectively.

Litigation - The System is exposed to litigation arising in the course of business. The System has purchased excess coverage for these claims. Settled claims related to the coverage have not exceeded the amount of insurance coverage in 2011 or 2010.

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

The System reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the System reports the expiration of donor restrictions when the assets are placed in service.

Contributions and grants received for capital purposes are excluded from the performance indicator while grants received for operational purposes are included in other operating income.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Tax Status - With the exception of Southern Ohio Healthcare Network, Inc. and Adena Care, Inc. d/b/a Adena Health Plan, Adena Health System and its other subsidiaries are nonprofit, tax-exempt entities. Southern Ohio Healthcare Network, Inc. and Adena Care, Inc. d/b/a Adena Health Plan both recorded operating losses and will file IRS 1120 reports by the applicable due date. Because of the minimal operating losses of Southern Ohio Healthcare Network, Inc. and Adena Care, Inc., no tax provision nor net operating loss carryforward is reflected in the consolidated financial statements. With few exceptions, the System is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2008.

Fair Value of Financial Instruments - The following methods and assumptions were used by the System in estimating the fair value of its financial instruments:

- **Cash and Cash Equivalents** - The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates its fair value.
- **Assets Limited as to Use** - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.
- **Short-term Investments** - These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the consolidated balance sheet is fair value.
- **Accounts Payable and Accrued Expenses** - The carrying amount reported in the consolidated balance sheet for accounts payable and accrued expenses approximates its fair value.
- **Cost Report Settlements Payable** - The carrying amount reported in the consolidated balance sheet for estimated cost report settlements payable approximates their fair value.
- **Long-term Debt** - The fair value of the System's remaining long-term debt is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

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

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including March 9, 2012, which is the date the consolidated financial statements were available to be issued.

New Accounting Pronouncements - The System has adopted Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, for the year ended December 31, 2011. In accordance with the ASU, the accrued liability for malpractice claims and similar liabilities and the related insurance recovery receivable, if applicable, will be presented separately on the consolidated balance sheet on a gross basis. Prior guidance allowed the liability to be reported net of the estimated insurance recovery receivable. There was no impact on beginning net assets related to the implementation of this ASU.

During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, establishing accounting and disclosures for healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU change the presentation of the statement of operations and add new disclosures that are not required under current generally accepted accounting principles for entities within the scope of this update. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the consolidated statement of operations. The ASU is effective for the System for the year ending December 31, 2012.

The System is currently assessing the impact this new standard will have on its consolidated financial statements.

Note 2 - Cash in Excess of Insured Limits

The System and its subsidiaries maintain cash and investment balances at several financial institutions located in the vicinity of Chillicothe, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of December 31, 2011 and 2010, the consolidated uninsured cash balances total \$758,967 and \$758,762, respectively.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 2 - Cash in Excess of Insured Limits (Continued)

The Federal Deposit Insurance Corporation (FDIC) implemented a transaction account guarantee program for all noninterest-bearing checking accounts and some interest-bearing checking accounts with interest rates of .50 percent or less per year. This program is effective for the period from October 3, 2008 through December 31, 2012. The System's cash balance for participating funds at December 31, 2011 and 2010 was approximately \$11,800,000 and \$6,500,000, respectively, which is fully guaranteed by the FDIC.

Note 3 - Accounts Receivable

The details of patient accounts receivable are set forth below:

	2011	2010
Patient accounts receivable	\$ 149,378,204	\$ 131,077,242
Less allowance for uncollectible accounts	(34,876,000)	(23,343,000)
Less allowance for contractual adjustments	(68,341,000)	(57,780,000)
Net accounts receivable	\$ 46,161,204	\$ 49,954,242

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

	Percent	
	2011	2010
Medicare	29	27
Medicaid	12	13
Commercial insurance and other	44	38
Self-pay	15	22
Total	100	100

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 4 - Investments

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2011 and 2010 is set forth in the following table:

	2011	2010
Internally designated for capital acquisition and professional liability self-insurance trust:		
Short-term investments	\$ 1,553,743	\$ 198,127
Common stock	194,049	187,232
Mutual funds	92,572,345	91,135,502
Corporate bonds	802,461	-
Total	95,122,598	91,520,861
Held by trustee under indenture agreement for certain bond indebtedness principal and interest payments -		
Cash equivalents	22,839,340	39,475,801
Total assets limited as to use	<u>\$ 117,961,938</u>	<u>\$ 130,996,662</u>

Short-term Investments

Other investments with maturities less than 270 days, stated at fair value as determined by quoted market prices at December 31, 2011 and 2010, include the following:

	2011	2010
U.S. corporate bonds	\$ 40,095,392	\$ 44,698,462
Commercial paper	11,080,751	3,979,867
Total other investments	<u>\$ 51,176,143</u>	<u>\$ 48,678,329</u>

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Interest income	\$ 4,700,096	\$ 1,028,354
Net realized gains on sales of securities	1,419,099	3,233,062
Net unrealized (losses) gains on securities	(4,261,231)	5,334,582
Total income	<u>\$ 1,857,964</u>	<u>\$ 9,595,998</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 5 - Property and Equipment

The costs of property, plant, and equipment and depreciable lives are summarized as follows:

	2011	2010	Depreciable Life - Years
Land	\$ 2,879,586	\$ 2,879,586	-
Land improvements	6,353,095	6,351,171	5-25
Buildings and improvements	152,232,758	150,324,901	5-40
Equipment	169,700,792	160,772,777	5-20
Construction in progress	21,614,151	3,302,638	-
Total cost	352,780,382	323,631,073	
Accumulated depreciation	(193,749,985)	(176,914,502)	
Net property and equipment	\$ 159,030,397	\$ 146,716,571	

Depreciation on property and equipment totaled approximately \$18,545,000 and \$17,850,000 in 2011 and 2010, respectively. The System has master plans for more than \$30,000,000 of property and equipment additions using bond funds. As of December 31, 2011, the System is near completion of a \$20,900,000 construction project. During 2011 and 2010, the System capitalized net interest (net of income earned on unspent bond proceeds) in the amount of approximately \$845,000 and \$1,038,000, respectively.

Note 6 - Indefeasible Right to Use Asset

During 2009, SOHCN received an award from the Federal Communications Commission (FCC) to develop a sustainable broadband healthcare network open to all providers in the southern Ohio service area. The award from the FCC was for a total of \$15,765,417, which represented approximately 85 percent of the total contract value of the broadband fiber to be installed, with the remaining 15 percent being a required contribution from the System. At the same time, SOHCN entered into a contract with a broadband partner, for that partner to install and maintain the broadband fiber network. The agreement stipulated that the broadband partner would own the fiber, but that SOHCN would have an indefeasible right of use of the asset for the next 40 years. All funds from the FCC are to be paid directly to the broadband partner upon approval of fiber construction by the System. During 2011, the broadband partner began installing the fiber with a total cost of \$15,562,000 of fiber being installed as of December 31, 2011. The asset will be amortized over its estimated useful life of 24 years; amortization commenced in November 2011, with amortization expense totaling \$108,070 for the year ended December 31, 2011. The System recognized \$13,227,700 of the award into grant income in 2011.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 7 - Estimated Third-party Settlements

Approximately 46 percent of the System's net revenue from patient services is received from the Medicare and Medicaid programs. The System has agreements with these payors that provide for reimbursement to the System at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the System's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with these third-party payors is as follows:

Medicare - For Adena Health System, inpatient acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient capital costs are paid at prospectively determined rates per discharge. Most outpatient services and outpatient-defined capital costs related to Medicare beneficiaries are paid based on an ambulatory payment classification system (prospectively determined). Outpatient services for therapies and laboratory services are reimbursed on an established fee screen methodology. For Greenfield Area Medical Center, the facility will receive reasonable cost-based reimbursement for both inpatient and outpatient services provided to Medicare beneficiaries.

The professional services supplied by the employed physicians are reimbursed by an applicable fee schedule. These fee schedules are updated as regulations require or as contracts are negotiated in the case of some of Adena's Medicare Advantage plans.

Medicaid - For the hospitals, inpatient acute-care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Capital costs relating to Medicaid patients are paid on a cost reimbursement method. The hospitals are reimbursed for outpatient services on an established fee-for-service methodology.

The professional services supplied by the employed physicians are reimbursed by an applicable fee schedule. These fee schedules are updated as regulations require or as contracts are negotiated in the case of some of Adena's Medicaid Managed Care plans.

Final reimbursement under these programs is subject to audit by fiscal intermediaries. Although these audits may result in some changes in these amounts, they are not expected to have a material effect on the accompanying consolidated financial statements.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 7 - Estimated Third-party Settlements (Continued)

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

Commercial - The System also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System under these agreements is typically discounts from established charges.

The professional services supplied by the employed physicians are reimbursed by an applicable fee schedule. These fee schedules are updated from time to time as negotiated.

RAC Audits - The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential significant overpayments. The RAC program began for Ohio in 2009. The System has been audited during 2011 and a liability has been accrued within estimated third-party settlements based on written notice of the RAC audit take-backs of Medicare reimbursed claims. If selected for further audits, the potential exists for significant overpayment of claims liability. The System is unable to determine the extent of any overpayments or underpayments and resultant liabilities or assets, if any.

Note 8 - Medical Malpractice Claims

Based on the nature of its operations, the System is, at times, subject to pending or threatened legal actions which arise in the normal course of its activities.

The System was insured with the Ohio Hospital Insurance Company (OHIC) from 1978 through February 22, 2007. Beginning February 23, 2007, the System changed providers to Medical Protective. The System added coverage for integrated (employed) physicians to its policy in 1998, sharing primary limits of \$1,000,000 per incident and \$3,000,000 per aggregate. Beginning with the 2000-2001 policy year, the physicians were covered under a separate occurrence policy with individual limits for each physician of \$1,000,000 per occurrence and \$3,000,000 in aggregate. The coverages were occurrence-based until 2005, at which time the System became insured on a claims-made basis.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 8 - Medical Malpractice Claims (Continued)

The System's medical malpractice coverage was renewed with a \$250,000 deductible per claim on February 22, 2005, and the deductible increased to \$500,000 per claim as of February 22, 2006. In addition, as of October 1, 2008, the System modified the physician coverages to include a deductible of \$500,000 per claim.

On January 1, 2011, the System implemented a self-insured medical malpractice trust with shared limits for all medical providers of \$1,000,000 per incident and \$3,000,000 in the aggregate. Excess policies in the amount of \$20,000,000 are layered on top of the System's self-insured trust.

At December 31, 2011, the System's management accrued its best estimate of the costs for claims arising prior to December 31, 2011. Based on changes to generally accepted accounting principles, System management has estimated the ultimate costs, if any, to settle these claims through an actuarial valuation and has accordingly allowed for them in the accrual for professional liability claims of approximately \$8,600,000 and \$5,700,000 for the years ended December 31, 2011 and 2010, respectively. In addition, the System has estimated a receivable from its insurance carrier for payment of those claims. The receivable is estimated at \$2,100,000 for the year ended December 31, 2011. The System is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits.

Note 9 - Self-insured Benefits

The System is partially self-insured under a plan covering substantially all employees for health benefits. The plan is covered by a stop-loss policy that covers claims over \$175,000 per employee in 2011 and 2010, or total claims in excess of approximately \$26,500,000 and \$22,134,000 in 2011 and 2010, respectively. Claims and expenses charged to operations when incurred were approximately \$19,242,000 and \$18,958,000 for the years ended December 31, 2011 and 2010, respectively.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 10 - Long-term Debt

A summary of long-term debt obligations at December 31, 2011 and 2010 is as follows:

	2011	2010
County of Ross, Ohio, Hospital Facilities Revenue Bonds 2010 (maturing in December 2037)	\$ 30,000,000	\$ 30,000,000
County of Ross, Ohio, Hospital Facilities Revenue Bonds 2008 (maturing in December 2038)	141,550,000	142,770,000
County of Ross, Ohio, Hospital Facilities Revenue Bonds 1998 (maturing in December 2023)	5,095,000	5,405,000
Capital lease obligations for equipment purchases	2,274,218	1,538,947
Total	178,919,218	179,713,947
Less current portion	3,703,267	2,659,852
Long-term portion	<u>\$ 175,215,951</u>	<u>\$ 177,054,095</u>

In September 2010, the County of Ross, Ohio issued \$30,000,000 Adjustable Rate Demand Hospital Facilities Revenue Bonds, Series 2010 (Adena Health System Project) (the "Series 2010 Bonds"). The Series 2010 Bonds are a private placement in which PNC Bank purchased the Series 2010 Bonds and agreed to hold the Series 2010 Bonds until at least September 1, 2020. The Series 2010 Bonds were issued for the purpose of financing the construction of a cancer center and the renovation and equipping of certain other facilities. The debt has a final maturity date of September 1, 2037 and provides for the repayment of principal in increasing monthly principal payments beginning in 2012 through September 1, 2020, at which time the Series 2010 Bonds are subject to mandatory tender. As long as the interest rate remains at the initial fixed rate (bank rate) and no event of default occurs under the indenture, then the bonds cannot be redeemed by the bondholder until September 1, 2020; however, the System has an option to redeem bonds prior to September 1, 2020, subject to a prepayment premium.

If the System chooses to change the interest rate in accordance with the provisions of the indenture, then the bonds may be redeemable upon such conversion of rate as well. As long as there are no changes in the initial bank rate or early redemptions, then on and after September 1, 2020, the principal of the Series 2010 Bonds will be amortized pursuant to an agreement between the System and the new holder of the Series 2010 Bonds. While the interest rate of the bonds is adjustable based on various indices over the term of the bonds, PNC has agreed to fix the rate at 2.97 percent until September 1, 2020, after which time the rate will become a variable rate to be negotiated between the System and the debt holder, unless the System chooses to change the interest rate in accordance with the indenture before September 1, 2020.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 10 - Long-term Debt (Continued)

In July 2008, the System entered into an advanced refunding plan with the County of Ross, Ohio (Ross County), in which Ross County issued \$142,970,000 of Hospital Facilities Revenue Refunding and Improvement Bonds (Series 2008 Bonds). The Series 2008 Bonds were issued for the purpose of refinancing previously issued debt and financing the acquisition, construction, renovation, and equipping of certain facilities. The debt matures in increasing semiannual principal payments beginning in 2009 through 2038. The interest rate per year ranges from 2.75 percent to 5.75 percent over the life of the bonds. The System has obtained bond insurance for a portion of the Series 2008 Bonds over the life of the bonds.

In September 1998, the System entered into an agreement with Ross County in which Ross County issued \$8,175,000 of Hospital Facilities Revenue Bonds (Series 1998 Bonds) to (1) pay the costs of acquisition and construction of various improvements to the System, including the 60,000-square foot expansion of a medical office building to provide additional physicians' offices and hospital services and renovation of the women's and maternity unit, (2) pay the cost of acquisition and installation of certain movable equipment and a management information system, and (3) pay certain eligible expenses associated with the issuance of the Series 1998 Bonds. The bonds are secured by an irrevocable letter of credit issued by PNC Bank. The bonds are remarketed weekly and bear interest at variable market rates (0.10 percent and 0.37 percent at December 31, 2011 and 2010, respectively). Should the remarketing agent fail to remarket the bonds, funds would be drawn on the letter of credit to pay the bonds. The System is under no obligation to repay draws on the letter of credit until the 368th day after the occurrence of such draw. The letter of credit expires on March 15, 2013, at which time the System would become liable for draws on the letter of credit, if any.

Interest expense on all indebtedness totaled \$9,019,000 in 2011 and \$7,057,000 in 2010. Cash paid for interest amounted to approximately \$9,846,000 and \$8,047,000 for 2011 and 2010, respectively, which included gross amounts of interest paid included in expense along with amounts that were netted with interest income on the construction funds and capitalized.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 10 - Long-term Debt (Continued)

In connection with the Series 1998, 2008, and 2010 Bonds, Ross County, as lessee, and the System, as lessor, entered into a master lease agreement for the System's premises. Ross County, as lessor, then entered into a sublease agreement with the System, as lessee, for the System's premises. The lease agreements expire on December 1, 2038, the mandatory retirement date of the Series 2008 Bonds. Under the terms of the lease and the indenture of trust related to the bonds, the System has pledged to Ross County a security interest in all present and future gross receipts, as defined. After final payment of the bonds, the System's facilities will be surrendered back to the System. Accordingly, such premises, together with the bond proceeds and bond indebtedness, are included in the accompanying consolidated financial statements as assets and liabilities of the System.

The terms of the lease and the indenture of trust between Ross County, the System, and the trustee provide for the establishment and maintenance of certain funds under the control of the trustee into which the System is to make regular payments sufficient to cover principal and interest on the Series 1998, 2008, and 2010 Bonds. The balances of these funds as of December 31, 2011 and 2010 are reflected in the accompanying consolidated financial statements as assets limited as to use. In addition, the System is required to comply with certain financial and other covenants related to these bonds.

The fair value of the System's long term-debt, estimated using discounted cash flow analysis based on the System's current incremental borrowing rates for similar obligations, totals approximately \$177,970,000 and \$175,400,000 as of December 31, 2011 and 2010, respectively.

Scheduled future minimum repayments on long-term debt and payments on capital lease obligations are as follows:

Years Ending December 31	Bonds	Capital Lease Obligations
2012	\$ 2,888,965	\$ 861,322
2013	3,055,159	425,915
2014	3,495,454	425,915
2015	3,646,511	425,916
2016	3,803,352	245,952
Thereafter	159,755,559	-
Total	176,645,000	2,385,020
Less amount representing interest under capital lease obligations	-	(110,802)
Net	<u>\$ 176,645,000</u>	<u>\$ 2,274,218</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 10 - Long-term Debt (Continued)

The cost of equipment under capital lease is \$11,906,000 and \$9,897,000 as of December 31, 2011 and 2010, respectively; accumulated amortization on the equipment totaled approximately \$9,729,000 and \$8,185,000 as of December 31, 2011 and 2010, respectively.

Note 11 - Defined Benefit Plan

The System participates in a defined benefit pension plan.

In January 2004, the board of directors of the System voted to freeze almost all employees' participation in the future accrual of benefits under the existing defined benefit plan, effective July 1, 2004. Approximately 100 employees who had obtained five years of service and were at least 55 years of age were allowed to continue with the existing plan. At the time the plan was frozen, employees vested in the plan earned a rate of return based on the 30-year United States Treasury rates. While the System has not expressed any intent to discontinue its contributions, it reserves and has the right at any time to terminate the plan. Upon termination, participants become 100 percent vested in their accrued benefits.

Obligations and Funded Status

	Pension Benefits	
	2011	2010
Benefit obligation at beginning of year	\$ 56,216,018	\$ 52,107,481
Service cost	99,185	82,971
Interest cost	2,945,685	3,007,649
Amendments	(6,796)	9,099
Actuarial gains	5,235,102	3,360,613
Benefits paid	(2,919,193)	(2,351,795)
Benefit obligation at end of year	61,570,001	56,216,018

Change in Plan Assets

Fair value of plan assets at beginning of year	44,981,883	41,569,685
Actual return on plan assets	3,834,669	4,763,993
Employer contributions	2,653,567	1,000,000
Benefits paid	(2,919,193)	(2,351,795)
Expenses	(5,000)	-
Fair value of plan assets at end of year	48,545,926	44,981,883
Funded status at end of year	\$ (13,024,075)	\$ (11,234,135)

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 11 - Defined Benefit Plan (Continued)

Amounts reducing unrestricted net assets which have not been included in net periodic benefit costs, reported outside the performance indicator are as follows:

	Pension Benefits	
	2011	2010
Net loss	\$ (31,378,002)	\$ (28,720,362)
Prior service cost	(62,173)	(60,823)
Total	<u>\$ (31,440,175)</u>	<u>\$ (28,781,185)</u>

Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows:

	2011	2010
Projected benefit obligation	\$ 61,570,001	\$ 56,216,018
Accumulated benefit obligation	61,569,903	56,204,908
Fair value of plan assets	48,545,926	44,981,883

	Pension Benefits	
	2011	2010
Net Periodic Benefit Cost, Employer Contributions, Participant Contributions, and Benefits Paid		
Net periodic benefit cost	\$ 1,784,517	\$ 1,132,201
Employer contributions	2,653,567	1,000,000
Benefits paid	2,919,193	2,351,795

	Pension Benefits	
	2011	2010
Net Periodic Benefit Cost		
Service cost	\$ 99,185	\$ 82,971
Interest cost	2,945,685	3,007,649
Expected return on plan assets	(2,697,561)	(2,974,217)
Amortization of prior service cost	(8,146)	(8,800)
Amortization of net gain	1,445,354	1,024,598
Total recognized in net periodic benefit cost	<u>\$ 1,784,517</u>	<u>\$ 1,132,201</u>

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized into net periodic benefit cost over the next fiscal year are \$1,985,263.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 11 - Defined Benefit Plan (Continued)

Assumptions

Weighted average assumptions used to determine benefit obligations at December 31 are as follows:

	Pension Benefits	
	2011	2010
Discount rate	4.53 %	5.35 %
Rate of compensation increase	4.00	4.00

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31 are as follows:

	Pension Benefits	
	2011	2010
Discount rate	5.35 %	5.91 %
Expected long-term return on plan assets	5.50	5.90
Rate of compensation increase	4.00	4.00

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

Pension Plan Assets

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

The System's overall investment strategy is to achieve a mix of approximately 65 percent of investments in fixed-income securities and 35 percent in equity securities in 2011 and approximately 75 percent and 25 percent, respectively, in 2010.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 11 - Defined Benefit Plan (Continued)

The fair values of the System's pension plan assets at December 31, 2011 and 2010 by major asset classes are as follows:

Fair Value Measurements at December 31, 2011

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments (a)	\$ 283,222	\$ 283,222	\$ -	\$ -
Mutual funds - Equity securities (b):				
Large-cap growth funds	2,969,122	-	2,969,122	-
Large-cap value funds	3,184,015	-	3,184,015	-
U.S. large-cap passive funds	3,607,183	-	3,607,183	-
U.S. small-/mid-cap growth funds	1,219,536	-	1,219,536	-
U.S. small-/mid-cap value funds	1,261,854	-	1,261,854	-
Non-U.S. core funds	4,588,618	-	4,588,618	-
Mutual funds - Fixed-income funds (c):				
U.S. core opportunistic funds	3,763,287	-	3,763,287	-
U.S. passive funds	4,664,897	-	4,664,897	-
Long-duration active funds	15,413,833	-	15,413,833	-
Long-duration passive funds	7,590,359	-	7,590,359	-
Total	<u>\$ 48,545,926</u>	<u>\$ 283,222</u>	<u>\$ 48,262,704</u>	<u>\$ -</u>

Fair Value Measurements at December 31, 2010

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments (a)	\$ 214,663	\$ 214,663	\$ -	\$ -
Mutual funds - Equity securities (b):				
Large-cap growth funds	2,178,907	-	2,178,907	-
Large-cap value funds	2,011,017	-	2,011,017	-
U.S. large-cap passive funds	2,374,093	-	2,374,093	-
U.S. small-/mid-cap growth funds	909,432	-	909,432	-
U.S. small-/mid-cap value funds	921,247	-	921,247	-
Non-U.S. core funds	3,260,199	-	3,260,199	-
Mutual funds - Fixed-income funds (c):				
U.S. core opportunistic fund	4,853,989	-	4,853,989	-
U.S. passive fund	4,520,867	-	4,520,867	-
Long-duration active fund	14,076,241	-	14,076,241	-
Long-duration passive fund	9,661,228	-	9,661,228	-
Total	<u>\$ 44,981,883</u>	<u>\$ 214,663</u>	<u>\$ 44,767,220</u>	<u>\$ -</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 11 - Defined Benefit Plan (Continued)

- (a) This class invests primarily in fixed-income securities, including, but not limited to, bonds, notes, or other investments, such as government securities, commercial paper, certificates of deposit, master notes, or variable amount notes with the objective of providing high-current income consistent with the preservation of capital and the maintenance of liquidity. Short-term investments are valued at \$1.00/unit, which approximates fair value.
- (b) This class represents investments in actively managed common collective trust funds that invest primarily in equity securities which may include common stocks, options, and futures. Investments are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.
- (c) This class represents investments in actively managed common collective trust funds that invest in a variety of fixed-income investments which may include corporate bonds, both U.S. and non-U.S. municipal securities, interest rate swaps, options, and futures. Investments are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

The tables above present information about the defined benefit plan assets measured at fair value at December 31, 2011 and 2010 and the valuation techniques used by the System to determine those fair values.

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

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

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

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

Cash Flow

Contributions

The minimum required contribution for the 2011 plan year is \$1,464,515. Additional discretionary contributions may be made upon further analysis of the retirement plan during the course of the year.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 11 - Defined Benefit Plan (Continued)

Estimated Future Benefit Payments

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

Year	Pension Benefits
2012	\$ 2,304,781
2013	2,802,625
2014	2,880,149
2015	3,491,473
2016	3,478,849
2017-2021	20,776,998

Note 12 - Retirement Plan

The System maintains a retirement savings plan 401(a) for qualified employees who meet certain service requirements.

The System's contributions to the retirement savings plan 401(a) are board determined and can range from 3 percent to 6 percent of participants' base compensation. The related matching program currently funds 50 percent of employees' contributions up to a maximum of 6 percent of the employee's gross compensation. For the years ended December 31, 2011 and 2010, the retirement savings expense and the related match aggregated approximately \$5,753,000 and \$5,122,000, respectively.

Note 13 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2011 and 2010:

	2011	2010
Purchase of equipment	\$ 1,440,361	\$ 1,664,971
Indigent care	685,496	573,530
Supplies	287,807	165,547
Healthcare education	329,068	300,619
Research	46,700	41,694
Community benefit	119,905	113,430
Total temporarily restricted	\$ 2,909,337	\$ 2,859,791

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 13 - Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets at December 31, 2011 and 2010 are restricted to the following:

	<u>2011</u>	<u>2010</u>
Investments to be held in perpetuity, the income from which is expendable to support the purchase of equipment or supplies	<u>\$ 179,200</u>	<u>\$ 179,200</u>

During 2011 and 2010, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of health education and purchase of equipment in the amounts of \$792,710 and \$883,509, respectively.

Note 14 - Operating Leases

The System is obligated under certain operating leases, primarily for medical office space and various medical equipment. Total rent expense under these leases was approximately \$7,734,000 and \$8,449,000 for the years ended December 31, 2011 and 2010, respectively.

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

Future minimum rental commitments are approximated as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2012	\$ 5,122,000
2013	3,947,000
2014	3,121,000
2015	2,809,000
2016	2,628,000
Thereafter	<u>862,000</u>
Total	<u>\$ 18,489,000</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 15 - Functional Expenses

The System is a general acute-care facility that provides inpatient and outpatient healthcare services to patients in Ross County and the surrounding vicinity. Expenses related to providing these services for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Healthcare services	\$ 276,412,452	\$ 276,757,062
General and administrative	116,731,069	79,329,761
Total	<u>\$ 393,143,521</u>	<u>\$ 356,086,823</u>

Note 16 - Fair Value

As of January 1, 2008, the System adopted the financial accounting standard related to fair value measurements. This clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of the standards for fair value measurements are effective prospectively for periods beginning January 1, 2008 for financial assets and liabilities and for periods beginning January 1, 2009 for nonfinancial assets and liabilities as a result of the deferral of the effective date of the fair value measurements standards. The implementation of the provisions of the fair value measurements for financial assets and liabilities as of January 1, 2008 did not have a significant impact on the System's consolidated financial statements.

The following tables present information about the System's assets measured at fair value on a recurring basis at December 31, 2011 and 2010 and the valuation techniques used by the System to determine those fair values.

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

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 16 - Fair Value (Continued)

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

Disclosures concerning assets measured at fair value on a recurring basis are as follows:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Short-term investments:				
U.S. corporate bonds (a)	\$ 40,095,392	\$ -	\$ -	\$ 40,095,392
Commercial paper	11,080,751	-	-	11,080,751
Total short-term investments	51,176,143	-	-	51,176,143
Assets limited as to use:				
Short-term investments (b)	24,393,083	-	-	24,393,083
Common stock	194,049	-	-	194,049
Mutual funds - Fixed income (c)	802,461	-	-	802,461
Fixed income - Core opportunistic fixed income	2,016,196	28,679,540	-	30,695,736
Passive fixed income	-	21,186,092	-	21,186,092
Equity funds (d):				
Large-cap growth equity	322,624	5,492,798	-	5,815,422
Large-cap value equity	212,090	5,604,508	-	5,816,598
Large-cap passive equity	-	9,219,291	-	9,219,291
Small-/Mid-cap growth equity	144,591	2,520,398	-	2,664,989
Small-/Mid-cap value equity	35,203	2,541,250	-	2,576,453
Non-U.S. equity (e)	79,035	14,518,729	-	14,597,764
Total assets limited as to use	28,199,332	89,762,606	-	117,961,938
Total assets	\$ 79,375,475	\$ 89,762,606	\$ -	\$ 169,138,081

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 16 - Fair Value (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Short-term investments:				
U.S. corporate bonds (a)	\$ 44,698,462	\$ -	\$ -	\$ 44,698,462
Commercial paper	3,979,867	-	-	3,979,867
Total short-term investments	48,678,329	-	-	48,678,329
Assets limited as to use:				
Short-term investments (b)	39,673,928	-	-	39,673,928
Common stock	187,232	-	-	187,232
Mutual funds - Fixed income (c):				
Core opportunistic fixed income	2,063,691	35,195,850	-	37,259,541
Passive fixed income	-	17,520,863	-	17,520,863
Equity funds (d):				
Large-cap growth equity	413,103	6,891,034	-	7,304,137
Large-cap value equity	284,669	6,340,160	-	6,624,829
Large-cap passive equity	-	8,341,644	-	8,341,644
Small-/Mid-cap growth equity	185,403	3,076,904	-	3,262,307
Small-/Mid-cap value equity	58,053	3,045,920	-	3,103,973
Non-U.S. equity (e)	91,390	7,626,818	-	7,718,208
Total assets limited as to use	42,957,469	88,039,193	-	130,996,662
Total assets	\$ 91,635,798	\$ 88,039,193	\$ -	\$ 179,674,991

The System holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. The fair value of the mutual funds at December 31, 2011 and 2010 was determined based primarily on Level 2 inputs. The System estimates the fair value of these investments as follows:

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

- This class invests primarily in fixed-income, corporate bond securities with a maturity of less than one year.
- This class invests in fixed-income, money market treasury.
- This class invests primarily in U.S. dollar-denominated investment-grade and government securities, U.S. high-yield, non-U.S. bonds, and TIPs.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2011 and 2010

Note 16 - Fair Value (Continued)

- (d) This asset class invests primarily in common stock of large-cap and small- to mid-sized companies in the U.S.
- (e) This asset class invests in companies operating in developed and emerging markets outside the U.S.

The investments measured on net asset value per share (or its equivalent) of the investment company do not have unfunded commitments or redemption periods. The System has the ability to conduct transactions related to these funds at any time.

The System's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no transfers between levels for the years ended December 31, 2011 and 2010.

Additional Information

Independent Auditor's Report on Additional Information

To the Board of Directors
Adena Health System and Subsidiaries

We have audited the consolidated financial statements of Adena Health System and Subsidiaries as of and for the years ended December 31, 2011 and 2010. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and statement of operations are presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

March 9, 2012

Adena Health System and Subsidiaries

Consolidating Balance Sheet December 31, 2011

	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Southern Ohio Health Care Network, Inc.	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Eliminations	Total
Assets									
Current Assets									
Cash and cash equivalents	\$ 24,749,842	\$ 47,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,796,877
Short-term investments	51,173,434	2,709	-	-	-	-	-	-	51,176,143
Accounts receivable	33,961,576	1,857,305	-	-	6,133,624	4,208,699	-	-	46,161,204
Notes and grants receivable - Current	2,451,313	-	-	-	177,468	-	-	-	2,628,781
Estimated third-party payor settlements	777,518	112,235	-	-	-	-	-	-	889,753
Prepaid expenses and other	3,046,536	10,088	-	-	-	-	-	-	3,056,624
Inventory	4,768,999	120,695	-	-	-	813,038	-	-	5,702,732
Other current assets	3,091,282	-	302,366	-	-	-	-	(3,393,648)	-
Total current assets	124,020,500	2,150,067	302,366	-	6,311,092	5,021,737	-	(3,393,648)	134,412,114
Assets Limited as to Use	114,131,981	926,449	2,903,508	-	-	-	-	-	117,961,938
Property and Equipment - Net	155,999,264	3,031,133	-	-	-	-	-	-	159,030,397
Indefeasible Right of Use Asset	-	-	-	15,453,929	-	-	-	-	15,453,929
Other Assets									
Notes and grants receivable	1,925,245	-	-	-	-	-	-	-	1,925,245
Bond issue costs	3,556,055	-	-	-	-	-	-	-	3,556,055
Other noncurrent assets	3,124,018	-	492,504	-	-	-	-	-	3,616,522
Total assets	\$ 402,757,063	\$ 6,107,649	\$ 3,698,378	\$ 15,453,929	\$ 6,311,092	\$ 5,021,737	\$ -	\$ (3,393,648)	\$ 435,956,200

Adena Health System and Subsidiaries

Consolidating Balance Sheet (Continued) December 31, 2011

	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Southern Ohio Health Care Network, Inc.	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Eliminations	Total
Liabilities and Net Assets (Deficit)									
Current Liabilities									
Current portion of long-term debt	\$ 3,703,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,703,267
Accounts payable	9,920,328	257,559	-	-	221,468	17,612	40,667	-	10,457,634
Other current liabilities	-	-	-	3,204,033	-	-	189,615	(3,393,648)	-
Accrued liabilities and other:									
Accrued compensation	10,962,222	367,701	18,682	-	4,512,107	301,315	-	-	16,162,027
Deferred compensation	4,051,622	-	-	-	-	-	-	-	4,051,622
Accrued interest	674,893	-	-	-	-	-	-	-	674,893
Other accrued liabilities	1,392,492	-	-	-	-	-	-	-	1,392,492
Total current liabilities	30,704,824	625,260	18,682	3,204,033	4,733,575	318,927	230,282	(3,393,648)	36,441,935
Long-term Debt and Capital Lease Obligations - Net of current portion	175,215,951	-	-	-	-	-	-	-	175,215,951
Defined Benefit Plan Liability	13,024,075	-	-	-	-	-	-	-	13,024,075
Other Liabilities	7,243,918	-	-	-	-	-	-	-	7,243,918
Total liabilities	226,188,768	625,260	18,682	3,204,033	4,733,575	318,927	230,282	(3,393,648)	231,925,879
Net Assets (Deficit)									
Unrestricted	176,005,810	4,678,576	1,957,457	12,249,896	1,577,517	4,702,810	(230,282)	-	200,941,784
Temporarily restricted	562,485	624,613	1,722,239	-	-	-	-	-	2,909,337
Permanently restricted	-	179,200	-	-	-	-	-	-	179,200
Total net assets (deficit)	176,568,295	5,482,389	3,679,696	12,249,896	1,577,517	4,702,810	(230,282)	-	204,030,321
Total liabilities and net assets (deficit)	\$ 402,757,063	\$ 6,107,649	\$ 3,698,378	\$ 15,453,929	\$ 6,311,092	\$ 5,021,737	\$ -	\$ (3,393,648)	\$ 435,956,200

Adena Health System and Subsidiaries

Consolidating Statement of Operations Year Ended December 31, 2011

	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Southern Ohio Health Care Network, Inc.	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Eliminations	Total
Unrestricted Revenue, Gains, and Other Support									
Net patient service revenue	\$ 296,691,582	\$ 14,596,074	\$ -	\$ -	\$ 63,179,872	\$ 5,323,390	\$ -	\$ -	\$ 379,790,918
Other	4,178,567	53,398	338,932	20,574	12,739,341	-	-	(14,152,488)	3,178,324
Net assets released from restrictions	62,936	-	3,383	-	-	-	-	-	66,319
Total unrestricted revenue, gains, and other support	300,933,085	14,649,472	342,315	20,574	75,919,213	5,323,390	-	(14,152,488)	383,035,561
Expenses									
Salaries and wages	78,359,202	5,505,609	229,803	-	74,029,025	3,108,735	113,075	-	161,345,449
Employee benefits and payroll taxes	27,924,854	1,910,166	67,954	-	10,550,735	1,022,978	17,925	-	41,494,612
Operating supplies and expenses	56,113,735	1,072,365	11,743	337	3,209,817	931,978	44	-	61,340,019
Professional services and consultant fees	2,006,518	366,913	-	-	2,022,505	-	-	(1,788,312)	2,607,624
Purchased services	40,793,084	797,011	30,187	252,545	2,384,565	774,657	97,499	(9,994,692)	35,134,856
Insurance	537,967	54,368	-	-	2,037,041	-	-	-	2,629,376
Utilities	4,124,448	134,575	-	-	5,952	-	-	-	4,264,975
Travel/Education	1,038,624	86,778	2,628	-	541,968	341,893	1,739	-	2,013,630
Repair, maintenance, and rental	16,759,874	127,691	-	5,095	2,531,883	103,290	-	(2,369,484)	17,158,349
Taxes	2,760,090	177,207	-	-	-	-	-	-	2,937,297
Depreciation and amortization	18,417,236	320,697	-	108,070	-	-	-	-	18,846,003
Provision for bad debts	24,987,416	1,641,163	-	-	7,539,622	183,673	-	-	34,351,874
Interest expense	9,019,457	-	-	-	-	-	-	-	9,019,457
Total expenses	282,842,505	12,194,543	342,315	366,047	104,853,113	6,467,204	230,282	(14,152,488)	393,143,521
Operating Income (Loss)	18,090,580	2,454,929	-	(345,473)	(28,933,900)	(1,143,814)	(230,282)	-	(10,107,960)

Adena Health System and Subsidiaries

Consolidating Statement of Operations (Continued) Year Ended December 31, 2011

	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Southern Ohio Health Care Network, Inc.	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Eliminations	Total
Other Income (Expense)									
Interest income and net realized gains	\$ 5,748,986	\$ 2,031	\$ 368,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,119,195
Change in unrealized (losses) gains on trading securities	(4,261,231)	-	-	-	-	-	-	-	(4,261,231)
Other expense	(136,009)	(154)	(171,923)	-	-	-	-	-	(308,086)
Total other income	1,351,746	1,877	196,255	-	-	-	-	-	1,549,878
Excess of Revenue Over (Under) Expenses	19,442,326	2,456,806	196,255	(345,473)	(28,933,900)	(1,143,814)	(230,282)	-	(8,558,082)
Net Assets Released from Restrictions for Purchase of Capital Assets	726,391	-	-	-	-	-	-	-	726,391
Transfer (to) from Affiliate	(27,759,318)	(3,202,905)	-	-	28,026,294	2,935,929	-	-	-
Pension-related Changes Other Than Net Periodic Cost	(2,658,994)	-	-	-	-	-	-	-	(2,658,994)
Grant Income	-	-	-	13,227,700	-	-	-	-	13,227,700
(Decrease) Increase in Unrestricted Net Assets	\$ (10,249,595)	\$ (746,099)	\$ 196,255	\$ 12,882,227	\$ (907,606)	\$ 1,792,115	\$ (230,282)	\$ -	\$ 2,737,015

Additional Data

Software ID: 11000129

Software Version: v1.00

EIN: 31-4379443

Name: ADENA HEALTH SYSTEM

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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			
Deborah Barrington Director/Chairman	2	X						0	0	0
Jack Berno Employed M D	40	X						294,408	0	12,540
Steve Burkhardt Director/Treasurer	2	X						0	0	0
Doug Folzenlogen Employed M D	40	X						424,165	0	17,916
James Grove Director	2	X						0	0	0
Chad Harris Director	2	X						0	0	0
Ralph D'Antoni Director	2	X						0	0	0
Mike Lilly Director/Secretary	2	X						0	0	0
Gary Evans Director	2	X						0	0	0
Mathew Schmidt Director	2	X						0	0	0
Allen Shaw Employed M D	40	X						222,526	0	9,864
Dave Strickland Director/Vice Chairman	2	X						0	0	0
Tom White Director	2	X						0	0	0
Noble Yoshida Director	2	X						0	0	0
Keith Coleman Chief Financial Officer	40			X				329,191	0	44,649
Mark Shuter Chief Executive Officer	40			X				725,632	0	44,702
Karen Bolton General Counsel	40				X			235,228	0	30,503
John Fortney Chief Medical Officer	40				X			365,412	0	21,816
Jeff Graham Chief Operating Officer	40				X			258,796	0	38,750
Denise Minor Chief Nursing Officer	40				X			181,872	0	28,540
Barbara Purdom Chief Operating Officer	40				X			152,790	0	35,844
Patricia Roam Corporate Compliance Officer	40				X			155,264	0	22,990
Faitha Shelton System Director Practice Operations	40				X			204,185	0	40,935
Elisabeth Williams Chief Strategy Officer	40				X			217,602	0	20,065
Jack Baker Employed M D	40				X			598,284	0	17,916

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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			
Wayne Coats Employed M D	40				X			390,471	0	17,916
Martha Livingston Chief Business Development Officer	40				X			150,735	0	20,993
Michele Federer Employed M D	40				X			434,472	0	5,754
Satish Jetty Employed M D	40				X			423,608	0	17,916
Mark Moffitt Chief Information Officer	40				X			194,741	0	14,133
Eric Perdue Chief Human Resources Officer	40				X			152,791	0	12,607
Kirk Tucker Employed M D	40				X			266,823	0	17,916
Anthony Freeman Employed M D	40				X			938,441	0	17,896
Rob Bradley Employed M D	40					X		897,642	0	24,066
Brian Cohen Employed M D	40					X		2,587,948	0	18,691
James Fleming Employed M D	40					X		896,961	0	25,466
Thomas Lewis Employed M D	40					X		987,347	0	24,066
Kort Gronbach Employed M D	40					X		838,216	0	21,916