



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



Form 990

Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 09-01-2011 and ending 08-31-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization  
UNION HOSPITAL INC

Doing Business As  
SEE SCHEDULE O

Number and street (or P O box if mail is not delivered to street address)  
1606 NORTH SEVENTH STREET

Room/suite

City or town, state or country, and ZIP + 4  
TERRE HAUTE, IN 47804

F Name and address of principal officer  
WAYNE HUTSON  
1606 NORTH SEVENTH STREET  
TERRE HAUTE, IN 47804

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

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

H(c) Group exemption number ▶

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) ( ) ◀(insert no ) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.UHHG.ORG

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1892

M State of legal domicile IN

| Part I   | Summary   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|--|---|---|--------------------------------------|-------------------------|---|------------------------|------------------------|--|------------------------|------------------------|---|------------------------|------------------------|---|----------------------|----------------------|---|------------------------|------------------------|---|------------------------|------------------------|--|--------------------|-----------------------|
| Activities & Governance  | <div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>WE EXIST TO SERVE OUR PATIENTS WITH COMPASSIONATE HEALTH CARE OF THE HIGHEST QUALITY</div></div>   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  |   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  |   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  |   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  | <div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>  |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  | <table><tr><td><div><div>3</div><div>Number of voting members of the governing body (Part VI, line 1a)</div></div></td><td><div>3</div></td><td><div>14</div></td></tr><tr><td><div><div>4</div><div>Number of independent voting members of the governing body (Part VI, line 1b)</div></div></td><td><div>4</div></td><td><div>9</div></td></tr><tr><td><div><div>5</div><div>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div></div></td><td><div>5</div></td><td><div>2,621</div></td></tr><tr><td><div><div>6</div><div>Total number of volunteers (estimate if necessary)</div></div></td><td><div>6</div></td><td><div>253</div></td></tr><tr><td><div><div>7a</div><div>Total unrelated business revenue from Part VIII, column (C), line 12</div></div></td><td><div>7a</div></td><td><div>579,525</div></td></tr><tr><td><div><div>7b</div><div>Net unrelated business taxable income from Form 990-T, line 34</div></div></td><td><div>7b</div></td><td><div>-105,373</div></td></tr></table>   | <div><div>3</div><div>Number of voting members of the governing body (Part VI, line 1a)</div></div> | <div>3</div>                         | <div>14</div>           | <div><div>4</div><div>Number of independent voting members of the governing body (Part VI, line 1b)</div></div> | <div>4</div>           | <div>9</div>           | <div><div>5</div><div>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div></div>       | <div>5</div>           | <div>2,621</div>       | <div><div>6</div><div>Total number of volunteers (estimate if necessary)</div></div>                        | <div>6</div>           | <div>253</div>         | <div><div>7a</div><div>Total unrelated business revenue from Part VIII, column (C), line 12</div></div>     | <div>7a</div>        | <div>579,525</div>   | <div><div>7b</div><div>Net unrelated business taxable income from Form 990-T, line 34</div></div>                   | <div>7b</div>          | <div>-105,373</div>    |   |                        |                        |  |                    |                       |
| <div><div>3</div><div>Number of voting members of the governing body (Part VI, line 1a)</div></div>                  | <div>3</div>  | <div>14</div>   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>4</div><div>Number of independent voting members of the governing body (Part VI, line 1b)</div></div>      | <div>4</div>  | <div>9</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>5</div><div>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div></div>       | <div>5</div>  | <div>2,621</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>6</div><div>Total number of volunteers (estimate if necessary)</div></div>                                 | <div>6</div>  | <div>253</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>7a</div><div>Total unrelated business revenue from Part VIII, column (C), line 12</div></div>              | <div>7a</div>   | <div>579,525</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>7b</div><div>Net unrelated business taxable income from Form 990-T, line 34</div></div>                    | <div>7b</div>   | <div>-105,373</div>   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  |   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| Revenue  | <table><tr><td><div><div>8</div><div>Contributions and grants (Part VIII, line 1h)</div></div></td><td><div>Prior Year</div></td><td><div>Current Year</div></td></tr><tr><td><div><div>9</div><div>Program service revenue (Part VIII, line 2g)</div></div></td><td><div>1,496,433</div></td><td><div>1,653,317</div></td></tr><tr><td><div><div>10</div><div>Investment income (Part VIII, column (A), lines 3, 4, and 7 d)</div></div></td><td><div>413,557,285</div></td><td><div>420,167,469</div></td></tr><tr><td><div><div>11</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div></div></td><td><div>598,160</div></td><td><div>522,520</div></td></tr><tr><td><div><div>12</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div></div></td><td><div>4,444,700</div></td><td><div>5,054,297</div></td></tr><tr><td><div><div>12</div><div>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div></div></td><td><div>420,096,578</div></td><td><div>427,397,603</div></td></tr></table>  | <div><div>8</div><div>Contributions and grants (Part VIII, line 1h)</div></div>                     | <div>Prior Year</div>                | <div>Current Year</div> | <div><div>9</div><div>Program service revenue (Part VIII, line 2g)</div></div>                                  | <div>1,496,433</div>   | <div>1,653,317</div>   | <div><div>10</div><div>Investment income (Part VIII, column (A), lines 3, 4, and 7 d)</div></div>                    | <div>413,557,285</div> | <div>420,167,469</div> | <div><div>11</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div></div> | <div>598,160</div>     | <div>522,520</div>     | <div><div>12</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div></div> | <div>4,444,700</div> | <div>5,054,297</div> | <div><div>12</div><div>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div></div> | <div>420,096,578</div> | <div>427,397,603</div> |   |                        |                        |  |                    |                       |
| <div><div>8</div><div>Contributions and grants (Part VIII, line 1h)</div></div>                                      | <div>Prior Year</div>   | <div>Current Year</div>   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>9</div><div>Program service revenue (Part VIII, line 2g)</div></div>                                       | <div>1,496,433</div>  | <div>1,653,317</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>10</div><div>Investment income (Part VIII, column (A), lines 3, 4, and 7 d)</div></div>                    | <div>413,557,285</div>  | <div>420,167,469</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>11</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div></div>          | <div>598,160</div>  | <div>522,520</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>12</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div></div>          | <div>4,444,700</div>  | <div>5,054,297</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>12</div><div>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div></div>  | <div>420,096,578</div>  | <div>427,397,603</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| Expenses   | <table><tr><td><div><div>13</div><div>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div></div></td><td><div>172,159</div></td><td><div>253,127</div></td></tr><tr><td><div><div>14</div><div>Benefits paid to or for members (Part IX, column (A), line 4)</div></div></td><td><div>0</div></td><td><div>0</div></td></tr><tr><td><div><div>15</div><div>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div></div></td><td><div>138,416,504</div></td><td><div>140,973,547</div></td></tr><tr><td><div><div>16a</div><div>Professional fundraising fees (Part IX, column (A), line 11e)</div></div></td><td><div>0</div></td><td><div>0</div></td></tr><tr><td><div><div>b</div><div>Total fundraising expenses (Part IX, column (D), line 25) ▶<sup>0</sup></div></div></td><td></td><td></td></tr><tr><td><div><div>17</div><div>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div></div></td><td><div>281,589,094</div></td><td><div>258,901,608</div></td></tr><tr><td><div><div>18</div><div>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div></div></td><td><div>420,177,757</div></td><td><div>400,128,282</div></td></tr><tr><td><div><div>19</div><div>Revenue less expenses Subtract line 18 from line 12</div></div></td><td><div>-81,179</div></td><td><div>27,269,321</div></td></tr></table> | <div><div>13</div><div>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div></div> | <div>172,159</div>                   | <div>253,127</div>      | <div><div>14</div><div>Benefits paid to or for members (Part IX, column (A), line 4)</div></div>                | <div>0</div>           | <div>0</div>           | <div><div>15</div><div>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div></div> | <div>138,416,504</div> | <div>140,973,547</div> | <div><div>16a</div><div>Professional fundraising fees (Part IX, column (A), line 11e)</div></div>           | <div>0</div>           | <div>0</div>           | <div><div>b</div><div>Total fundraising expenses (Part IX, column (D), line 25) ▶<sup>0</sup></div></div>   |                      |                      | <div><div>17</div><div>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div></div>                     | <div>281,589,094</div> | <div>258,901,608</div> | <div><div>18</div><div>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div></div> | <div>420,177,757</div> | <div>400,128,282</div> | <div><div>19</div><div>Revenue less expenses Subtract line 18 from line 12</div></div> | <div>-81,179</div> | <div>27,269,321</div> |
| <div><div>13</div><div>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div></div>                  | <div>172,159</div>  | <div>253,127</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>14</div><div>Benefits paid to or for members (Part IX, column (A), line 4)</div></div>                     | <div>0</div>  | <div>0</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>15</div><div>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div></div> | <div>138,416,504</div>  | <div>140,973,547</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>16a</div><div>Professional fundraising fees (Part IX, column (A), line 11e)</div></div>                    | <div>0</div>  | <div>0</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>b</div><div>Total fundraising expenses (Part IX, column (D), line 25) ▶<sup>0</sup></div></div>            |   |   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>17</div><div>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div></div>                      | <div>281,589,094</div>  | <div>258,901,608</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>18</div><div>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div></div>          | <div>420,177,757</div>  | <div>400,128,282</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>19</div><div>Revenue less expenses Subtract line 18 from line 12</div></div>                               | <div>-81,179</div>  | <div>27,269,321</div>   |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| Net Assets or Fund Balances  | <table><tr><td></td><td><div>Beginning of Current Year</div></td><td><div>End of Year</div></td></tr><tr><td><div><div>20</div><div>Total assets (Part X, line 16)</div></div></td><td><div>464,415,498</div></td><td><div>482,069,093</div></td></tr><tr><td><div><div>21</div><div>Total liabilities (Part X, line 26)</div></div></td><td><div>337,089,154</div></td><td><div>337,447,866</div></td></tr><tr><td><div><div>22</div><div>Net assets or fund balances Subtract line 21 from line 20</div></div></td><td><div>127,326,344</div></td><td><div>144,621,227</div></td></tr></table>  |   | <div>Beginning of Current Year</div> | <div>End of Year</div>  | <div><div>20</div><div>Total assets (Part X, line 16)</div></div>   | <div>464,415,498</div> | <div>482,069,093</div> | <div><div>21</div><div>Total liabilities (Part X, line 26)</div></div>   | <div>337,089,154</div> | <div>337,447,866</div> | <div><div>22</div><div>Net assets or fund balances Subtract line 21 from line 20</div></div>                | <div>127,326,344</div> | <div>144,621,227</div> |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
|  | <div>Beginning of Current Year</div>  | <div>End of Year</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>20</div><div>Total assets (Part X, line 16)</div></div>  | <div>464,415,498</div>  | <div>482,069,093</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>21</div><div>Total liabilities (Part X, line 26)</div></div>   | <div>337,089,154</div>  | <div>337,447,866</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |
| <div><div>22</div><div>Net assets or fund balances Subtract line 21 from line 20</div></div>                         | <div>127,326,344</div>  | <div>144,621,227</div>  |                                      |                         |   |                        |                        |  |                        |                        |   |                        |                        |   |                      |                      |   |                        |                        |   |                        |                        |  |                    |                       |

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

\*\*\*\*\*  
Signature of officer

2013-07-10  
Date

WAYNE HUTSON CFO  
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ CARRIE A MERRILL CPA

Date

Check if self-employed ▶ ☐

Preparer's taxpayer identification number (see instructions)  
P00832283

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ BLUE & CO LLC  
ONE AMERICAN SQUARE 2200  
INDIANAPOLIS, IN 46282

EIN ▶ 35-1178661  
Phone no ▶ (317) 633-4705

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.





















Cat No 11282Y

Form 990 (2011)



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)? <i>If "Yes," complete Schedule A.</i>   | 1   | Yes |    |
| 2   | Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If "Yes," complete Schedule C, Part I.</i>    | 3   |     | No |
| 4   | <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>   | 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? <i>If "Yes," complete Schedule C, Part III.</i>                              | 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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i>   | 7   |     | No |
| 8   | Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>   | 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? <i>If "Yes," complete Schedule D, Part IV.</i>     | 9   |     | No |
| 10  | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>    | 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? <i>If "Yes," complete Schedule D, Part VI.</i>   | 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? <i>If "Yes," complete Schedule D, Part VII.</i>    | 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? <i>If "Yes," complete Schedule D, Part VIII.</i>    | 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? <i>If "Yes," complete Schedule D, Part IX.</i>    | 11d |     | No |
| e   | Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>   | 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)? <i>If "Yes," complete Schedule D, Part X.</i>        | 11f | Yes |    |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>   | 12a |     | No |
| b   | Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>                 | 12b | Yes |    |
| 13  | Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>  | 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? <i>If "Yes," complete Schedule F, Part I.</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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i> . . . . .  | 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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i> . . . . .  | 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? <i>If "Yes," complete Schedule G, Part I.</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? <i>If "Yes," complete Schedule G, Part II.</i> . . . . .   | 18  |     | No |
| 19  | Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . . . .   | 19  |     | No |
| 20a | Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> . . . . .   | 20a | Yes |    |
| b   | If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> 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  | Yes |    |
| 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 |     | No |
| c   | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .   | 24c |     | No |
| d   | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .  | 24d |     | No |
| 25a | <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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 | Yes |    |
| 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 |     | No |
| 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  | <b>Section 501(c)(3) organizations.</b> 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? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .   | 38  | Yes |    |

|   |  |            |           |
|---|--|------------|-----------|
| <b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>                  |  |            |           |
| Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/> |  |            |           |
|   |  | <b>Yes</b> | <b>No</b> |
| <b>1a</b>   | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.<br>.   | <b>1a</b>  | 191       |
| <b>b</b>  | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.   | <b>1b</b>  | 0         |
| <b>c</b>  | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?   | <b>1c</b>  | Yes       |
| <b>2a</b>   | Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.   | <b>2a</b>  | 2,621     |
| <b>b</b>  | If at least one is reported on line 2a, did the organization file all required federal employment tax returns?<br><br><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).  | <b>2b</b>  | Yes       |
| <b>3a</b>   | Did the organization have unrelated business gross income of \$1,000 or more during the year?  | <b>3a</b>  | Yes       |
| <b>b</b>  | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.  | <b>3b</b>  | Yes       |
| <b>4a</b>   | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?   | <b>4a</b>  | No        |
| <b>b</b>  | If "Yes," enter the name of the foreign country: _____<br>See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.   |            |           |
| <b>5a</b>   | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?  | <b>5a</b>  | No        |
| <b>b</b>  | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?   | <b>5b</b>  | No        |
| <b>c</b>  | If "Yes" to line 5a or 5b, did the organization file Form 8886-T?  | <b>5c</b>  |           |
| <b>6a</b>   | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?  | <b>6a</b>  | No        |
| <b>b</b>  | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?  | <b>6b</b>  |           |
| <b>7</b>  | <b>Organizations that may receive deductible contributions under section 170(c).</b>   |            |           |
| <b>a</b>  | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?  | <b>7a</b>  | No        |
| <b>b</b>  | If "Yes," did the organization notify the donor of the value of the goods or services provided?  | <b>7b</b>  |           |
| <b>c</b>  | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?   | <b>7c</b>  | No        |
| <b>d</b>  | If "Yes," indicate the number of Forms 8282 filed during the year.   | <b>7d</b>  |           |
| <b>e</b>  | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  | <b>7e</b>  | No        |
| <b>f</b>  | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?   | <b>7f</b>  | No        |
| <b>g</b>  | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?   | <b>7g</b>  |           |
| <b>h</b>  | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?   | <b>7h</b>  |           |
| <b>8</b>  | <b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?   | <b>8</b>   |           |
| <b>9</b>  | <b>Sponsoring organizations maintaining donor advised funds.</b>   |            |           |
| <b>a</b>  | Did the organization make any taxable distributions under section 4966?  | <b>9a</b>  |           |
| <b>b</b>  | Did the organization make a distribution to a donor, donor advisor, or related person?   | <b>9b</b>  |           |
| <b>10</b>   | <b>Section 501(c)(7) organizations.</b> Enter  |            |           |
| <b>a</b>  | Initiation fees and capital contributions included on Part VIII, line 12.  | <b>10a</b> |           |
| <b>b</b>  | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.   | <b>10b</b> |           |
| <b>11</b>   | <b>Section 501(c)(12) organizations.</b> Enter   |            |           |
| <b>a</b>  | Gross income from members or shareholders.   | <b>11a</b> |           |
| <b>b</b>  | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).   | <b>11b</b> |           |
| <b>12a</b>  | <b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?  | <b>12a</b> |           |
| <b>b</b>  | If "Yes," enter the amount of tax-exempt interest received or accrued during the year.   | <b>12b</b> |           |
| <b>13</b>   | <b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>  |            |           |
| <b>a</b>  | Is the organization licensed to issue qualified health plans in more than one state?<br><b>Note.</b> 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. | <b>13a</b> |           |
| <b>b</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.   | <b>13b</b> |           |
| <b>c</b>  | Enter the aggregate amount of reserves on hand.  | <b>13c</b> |           |
| <b>14a</b>  | Did the organization receive any payments for indoor tanning services during the tax year?   | <b>14a</b> | No        |
| <b>b</b>  | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.   | <b>14b</b> |           |

Part VI

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

Section A. Governing Body and Management

|    |   |     |     |
|----|---|-----|-----|
|    |   | Yes | No  |
| 1a | Enter the number of voting members of the governing body at the end of the tax year . . . . .   |     |     |
| 1a | 14  |     |     |
| b  | Enter the number of voting members included in line 1a, above, who are independent . . . . .  | 1b  | 9   |
| 2  | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .   | 2   | No  |
| 3  | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . . | 3   | No  |
| 4  | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?  | 4   | 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 <b>IN</b>  |
| 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.<br><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. <b>Wayne Hutson</b><br>WAYNE HUTSON CFO<br>1606 N SEVENTH STREET<br>TERRE HAUTE, IN 47804<br>(812) 238-7000   |

Part VII

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

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

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

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

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

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

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

| (A)<br>Name and Title                            | (B)<br>Average hours per week (describe hours for related organizations in Schedule O) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|  |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| (1) JOHN LUKENS<br>CHAIRMAN                      | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (2) CURTIS BRIGHTON<br>VICE CHAIRMAN             | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (3) WILLIAM G GRIMES<br>SECRETARY                | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (4) DAN DEBARD<br>TREASURER                      | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (5) WARD HUBBARD<br>ASST TREASURER               | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (6) FREDERICK BAUER<br>ASST SECRETARY            | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (7) ANNA ZIMMERMAN<br>MEMBER                     | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (8) CINDY MARTIN<br>MEMBER                       | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (9) DR DAVID SOUTHWICK<br>MEMBER                 | 2 00   | X   |                       |         |              |                              |        | 25,956   | 0   | 0   |
| (10) MARK LYNCH<br>MEMBER                        | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (11) MOLLY CALLAHAN<br>MEMBER                    | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (12) ROBERT HAERR<br>MEMBER                      | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (13) ROBERT MCCLAUGHLIN<br>MEMBER                | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| (14) SCOTT TEFFTETELLER<br>PRESIDENT & CEO       | 40 00  | X   |                       | X       |              |                              |        | 392,191  | 0   | 32,100  |
| (15) WAYNE HUTSON<br>SR VP FINANCE/CFO           | 40 00  |   |                       | X       |              |                              |        | 221,379  | 0   | 22,003  |
| (16) KYM PFRANK<br>VICE PRESIDENT/COO            | 40 00  |   |                       | X       |              |                              |        | 227,519  | 0   | 29,633  |
| (17) JOHN BOLINGER<br>VICE PRESIDENT MED AFFAIRS | 40 00  |   |                       | X       |              |                              |        | 144,432  | 0   | 5,196   |



## Part VII

|           |  |          |           |   |         |
|-----------|--|----------|-----------|---|---------|
| <b>1b</b> | <b>Sub-Total . . . . .</b>   | <b>▼</b> |           |   |         |
| <b>c</b>  | <b>Total from continuation sheets to Part VII, Section A . . . . .</b> | <b>▼</b> |           |   |         |
| <b>d</b>  | <b>Total (add lines 1b and 1c) . . . . .</b>                           | <b>▼</b> | 6,038,930 | 0 | 301,565 |

**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. 85

|   |   | Yes   | No |
|---|---|-------|----|
| 3 | Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .  | 3 Yes |    |
| 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)<br>Name and business address   | (B)<br>Description of services | (C)<br>Compensation |
|--|--------------------------------|---------------------|
| PROVIDENCE MEDICAL GROUP<br>2723 S 7TH ST<br>TERRE HAUTE, IN 47802           | MEDICAL SERVICES AND RENT      | 19,518,550          |
| CARDIOVASCULAR MANAGEMENT<br>2723 S 7TH ST<br>TERRE HAUTE, IN 47802          | MEDICAL MANAGEMENT SERVICES    | 16,289,977          |
| AMBULATORY SURGERY MANAGEMENT<br>221 S 6TH ST<br>TERRE HAUTE, IN 47802       | MEDICAL MANAGEMENT SERVICES    | 6,485,684           |
| ONCOLOGY SERVICES GROUP LLC<br>6100 W 96TH STE 125<br>INDIANAPOLIS, IN 46278 | MEDICAL SERVICES               | 2,773,411           |
| FRESENIUS MEDICAL<br>16343 COLLECTION CENTER DR<br>CHICAGO, IL 60693         | MEDICAL SERVICES               | 1,536,855           |

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 ►53

Part VIII

Statement of Revenue

|   |   |   |               | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from<br>tax under<br>sections<br>512, 513, or<br>514 |  |
|---|---|---|---------------|----------------------|--|---|---|--|
| Contributions, gifts, grants<br>and other similar amounts | 1a  | Federated campaigns . . .   | 1a            |                      |  |   |   |  |
|   | b   | Membership dues . . . . .   | 1b            |                      |  |   |   |  |
|   | c   | Fundraising events . . . . .  | 1c            |                      |  |   |   |  |
|   | d   | Related organizations . . . .   | 1d            | 398,539              |  |   |   |  |
|   | e   | Government grants (contributions)   | 1e            | 1,254,778            |  |   |   |  |
|   | f   | All other contributions, gifts, grants, and<br>similar amounts not included above   | 1f            |                      |  |   |   |  |
|   | g   | Noncash contributions included in<br>lines 1a-1f \$ _____   |               |                      |  |   |   |  |
|   | h   | Total. Add lines 1a-1f . . . . .  |               | 1,653,317            |  |   |   |  |
| Program Service Revenue                                   |   |   | Business Code |                      |  |   |   |  |
|   | 2a  | NET PATIENT REVENUE   | 900099        | 420,167,469          | 420,167,469  |   |   |  |
|   | b   |   |               |                      |  |   |   |  |
|   | c   |   |               |                      |  |   |   |  |
|   | d   |   |               |                      |  |   |   |  |
|   | e   |   |               |                      |  |   |   |  |
|   | f   | All other program service revenue   |               |                      |  |   |   |  |
|   | g   | Total. Add lines 2a-2f . . . . .  |               | 420,167,469          |  |   |   |  |
| Other Revenue   | 3   | Investment income (including dividends, interest<br>and other similar amounts) . . . . .  |               | 596,447              |  |   | 596,447   |  |
|   | 4   | Income from investment of tax-exempt bond proceeds . .  |               |                      |  |   |   |  |
|   | 5   | Royalties . . . . .   |               |                      |  |   |   |  |
|   | 6a  | (i) Real  |               | (ii) Personal        |  |   |   |  |
|   |   | Gross rents   | 1,414,907     |                      |  |   |   |  |
|   |   | b Less rental<br>expenses   | 3,354,232     |                      |  |   |   |  |
|   |   | c Rental income<br>or (loss)  | -1,939,325    |                      |  |   |   |  |
|   | d   | Net rental income or (loss) . . . . .   |               | -1,939,325           | -1,939,325   |   |   |  |
|   | 7a  | (i) Securities  |               | (ii) Other           |  |   |   |  |
|   |   | Gross amount<br>from sales of<br>assets other<br>than inventory   |               | 52,284               |  |   |   |  |
|   |   | b Less cost or<br>other basis and<br>sales expenses   |               | 126,211              |  |   |   |  |
|   |   | c Gain or (loss)  |               | -73,927              |  |   |   |  |
|   | d   | Net gain or (loss) . . . . .  |               | -73,927              |  |   | -73,927   |  |
|   | 8a  | Gross income from fundraising<br>events (not including<br>\$ _____<br>of contributions reported on line 1c)<br>See Part IV, line 18 . . . . . | a             |                      |  |   |   |  |
|   | b   | Less direct expenses . . . .  | b             |                      |  |   |   |  |
|   | c   | Net income or (loss) from fundraising events . .  |               |                      |  |   |   |  |
|   | 9a  | Gross income from gaming activities<br>See Part IV, line 19 . . . . .   | a             |                      |  |   |   |  |
|   | b   | Less direct expenses . . . .  | b             |                      |  |   |   |  |
|   | c   | Net income or (loss) from gaming activities . .   |               |                      |  |   |   |  |
|   | 10a                                       | Gross sales of inventory, less<br>returns and allowances . . . . .  | a             |                      |  |   |   |  |
|   | b   | Less cost of goods sold . . .   | b             |                      |  |   |   |  |
|   | c   | Net income or (loss) from sales of inventory . .  |               |                      |  |   |   |  |
|   | Miscellaneous Revenue                     |   | Business Code |                      |  |   |   |  |
| 11a   | CAFETERIA REVENUE                         | 900099  | 1,486,261     |                      |  | 1,486,261                               |   |  |
| b   | AP & S PURCHASED SERVI                    | 900099  | 1,135,141     |                      |  | 1,135,141                               |   |  |
| c   | CHILD DEVELOPMENT REVE                    | 624410  | 595,068       |                      | 248,163  | 346,905                                 |   |  |
| d   | All other revenue . . . . .               |   | 3,777,152     | 3,036,494            | 331,362  | 409,296                                 |   |  |
| e   | Total. Add lines 11a-11d . . . . .        |   | 6,993,622     |                      |  |   |   |  |
| 12  | Total revenue. See Instructions . . . . . |   | 427,397,603   | 421,264,638          | 579,525  | 3,900,123                               |   |  |

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)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|--|--|-----------------------|---------------------------------|--|-----------------------------|
| 1  | Grants and other assistance to governments and organizations in the United States See Part IV, line 21   | 221,487               | 221,487                         |  |                             |
| 2  | Grants and other assistance to individuals in the United States See Part IV, line 22   | 31,640                | 31,640                          |  |                             |
| 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   | 1,581,766             | 1,481,482                       | 100,284                                |                             |
| 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   | 124,662,941           | 116,759,311                     | 7,903,630                              |                             |
| 8  | Pension plan contributions (include section 401(k) and section 403(b) employer contributions)  | 5,207,595             | 4,877,433                       | 330,162                                |                             |
| 9  | Other employee benefits  | 1,095,035             | 1,025,610                       | 69,425                                 |                             |
| 10   | Payroll taxes  | 8,426,210             | 7,891,988                       | 534,222                                |                             |
| 11   | Fees for services (non-employees)  |                       |                                 |  |                             |
| a  | Management   | 24,000                | 22,478                          | 1,522                                  |                             |
| b  | Legal  | 226,920               | 212,533                         | 14,387                                 |                             |
| c  | Accounting   | 4,006                 | 3,752                           | 254                                    |                             |
| d  | Lobbying   |                       |                                 |  |                             |
| e  | Professional fundraising See Part IV, line 17  |                       |                                 |  |                             |
| f  | Investment management fees   |                       |                                 |  |                             |
| g  | Other  | 11,241,327            | 10,528,627                      | 712,700                                |                             |
| 12   | Advertising and promotion  | 488,696               | 457,713                         | 30,983                                 |                             |
| 13   | Office expenses  | 14,225,555            | 13,323,655                      | 901,900                                |                             |
| 14   | Information technology   |                       |                                 |  |                             |
| 15   | Royalties  |                       |                                 |  |                             |
| 16   | Occupancy  | 13,195,237            | 12,358,659                      | 836,578                                |                             |
| 17   | Travel   | 504,631               | 472,637                         | 31,994                                 |                             |
| 18   | Payments of travel or entertainment expenses for any federal, state, or local public officials   |                       |                                 |  |                             |
| 19   | Conferences, conventions, and meetings   |                       |                                 |  |                             |
| 20   | Interest   | 14,902,184            | 13,957,386                      | 944,798                                |                             |
| 21   | Payments to affiliates   |                       |                                 |  |                             |
| 22   | Depreciation, depletion, and amortization  | 24,492,622            | 22,939,790                      | 1,552,832                              |                             |
| 23   | Insurance  | 15,705,306            | 14,709,590                      | 995,716                                |                             |
| 24   | Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )              |                       |                                 |  |                             |
| a  | PURCHASED SERVICES   | 77,380,792            | 72,474,850                      | 4,905,942                              |                             |
| b  | MEDICAL SUPPLIES   | 64,566,381            | 60,472,872                      | 4,093,509                              |                             |
| c  | HAF FEE  | 17,902,630            | 16,767,603                      | 1,135,027                              |                             |
| d  |  |                       |                                 |  |                             |
| e  |  |                       |                                 |  |                             |
| f  | All other expenses   | 4,041,321             | 3,809,729                       | 231,592                                |                             |
| 25   | Total functional expenses. Add lines 1 through 24f   | 400,128,282           | 374,800,825                     | 25,327,457                             | 0                           |
| 26   | Joint costs. Check here 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 . . . . .   |     |             | 28,919,312        | 1   | 33,228,407  |
|                             | 2   | Savings and temporary cash investments . . . . .  |     |             |                   | 2   |             |
|                             | 3   | Pledges and grants receivable, net . . . . .  |     |             |                   | 3   |             |
|                             | 4   | Accounts receivable, net . . . . .  |     |             | 53,853,217        | 4   | 54,497,818  |
|                             | 5   | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .                   |     |             |                   | 5   |             |
|                             | 6   | Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .      |     |             |                   | 6   |             |
|                             | 7   | Notes and loans receivable, net . . . . .   |     |             |                   | 7   |             |
|                             | 8   | Inventories for sale or use . . . . .   |     |             | 4,386,794         | 8   | 4,361,427   |
|                             | 9   | Prepaid expenses and deferred charges . . . . .   |     |             | 5,223,132         | 9   | 5,276,747   |
|                             | 10a   | Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .   | 10a | 487,323,195 |                   |     |             |
|                             | b   | Less: accumulated depreciation . . . . .  | 10b | 191,800,924 | 290,321,652       | 10c | 295,522,271 |
|                             | 11  | Investments—publicly traded securities . . . . .  |     |             | 70,018,346        | 11  | 76,864,206  |
|                             | 12  | Investments—other securities. See Part IV, line 11 . . . . .  |     |             | 3,170,237         | 12  | 3,244,483   |
|                             | 13  | Investments—program-related. See Part IV, line 11 . . . . .   |     |             |                   | 13  |             |
|                             | 14  | Intangible assets . . . . .   |     |             | 4,651,848         | 14  | 5,982,856   |
|                             | 15  | Other assets. See Part IV, line 11 . . . . .  |     |             | 3,870,960         | 15  | 3,090,878   |
|                             | 16  | Total assets. Add lines 1 through 15 (must equal line 34) . . . . .   |     |             | 464,415,498       | 16  | 482,069,093 |
| Liabilities                 | 17  | Accounts payable and accrued expenses . . . . .   |     |             | 47,653,026        | 17  | 51,832,211  |
|                             | 18  | Grants payable . . . . .  |     |             |                   | 18  |             |
|                             | 19  | Deferred revenue . . . . .  |     |             | 401,447           | 19  | 301,122     |
|                             | 20  | Tax-exempt bond liabilities . . . . .   |     |             | 255,640,000       | 20  | 254,340,000 |
|                             | 21  | Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .   |     |             |                   | 21  |             |
|                             | 22  | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .  |     |             |                   | 22  |             |
|                             | 23  | Secured mortgages and notes payable to unrelated third parties . . . . .  |     |             | 23,178,118        | 23  | 24,480,793  |
|                             | 24  | Unsecured notes and loans payable to unrelated third parties . . . . .  |     |             |                   | 24  |             |
|                             | 25  | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . . |     |             | 10,216,563        | 25  | 6,493,740   |
|                             | 26  | Total liabilities. Add lines 17 through 25 . . . . .  |     |             | 337,089,154       | 26  | 337,447,866 |
| 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 . . . . .   |     |             | 121,024,812       | 27  | 139,069,623 |
|                             | 28  | Temporarily restricted net assets . . . . .   |     |             | 5,343,087         | 28  | 4,575,246   |
|                             | 29  | Permanently restricted net assets . . . . .   |     |             | 958,445           | 29  | 976,358     |
|                             | 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 . . . . .   |     |             | 127,326,344       | 33  | 144,621,227 |
|                             | 34  | Total liabilities and net assets/fund balances . . . . .  |     |             | 464,415,498       | 34  | 482,069,093 |

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 | 427,397,603 |
| 2 | Total expenses (must equal Part IX, column (A), line 25)  | 2 | 400,128,282 |
| 3 | Revenue less expenses Subtract line 2 from line 1   | 3 | 27,269,321  |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))                     | 4 | 127,326,344 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O)  | 5 | -9,974,438  |
| 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 | 144,621,227 |

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<br>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?<br>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<br><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?   | Yes |    |
| 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   | Yes |    |

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<br>UNION HOSPITAL INC | Employer identification number<br>35-0876396 |
|--|--|

Part I

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

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

1

☐

A church, convention of churches, or association of churches **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 Se**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)<br>Name of supported organization | (ii)<br>EIN | (iii)<br>Type of organization (described on lines 1- 9 above or IRC section (see instructions)) | (iv)<br>Is the organization in col (i) listed in your governing document? |    | (v)<br>Did you notify the organization in col (i) of your support? |    | (vi)<br>Is the organization in col (i) organized in the U S ? |    | (vii)<br>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 (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 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf   |          |          |          |          |          |           |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge   |          |          |          |          |          |           |
| 4 Total. Add lines 1 through 3  |          |          |          |          |          |           |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) |          |          |          |          |          |           |
| 6 Public Support. Subtract line 5 from line 4   |          |          |          |          |          |           |

| Section B. Total Support                    |  |          |          |          |          |          |           |
|---|--|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) |  | (a) 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   | <b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization   | <input type="checkbox"/> |
| b   | <b>33 1/3% support test—2010.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization  | <input type="checkbox"/> |
| 17a   | <b>10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization      | <input type="checkbox"/> |
| b   | <b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization | <input type="checkbox"/> |
| 18  | <b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions  | <input type="checkbox"/> |

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 <b>stop here</b> |          |          |          |          |          |           |

| 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 <b>stop here</b> . 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 <b>stop here</b> . The organization qualifies as a publicly supported organization |    |  |  |
| 20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions  |    |  |  |



**Part IV** **Supplemental Information.** Supplemental Information. Complete this part to provide the 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<br>UNION HOSPITAL INC | Employer identification number<br><br>35-0876396 |
|--|--|

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

1

Provide a description of the organization's direct and indirect political campaign activities 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?

☐ Yes ☐ No

4a

Was a correction made?

☐ Yes ☐ No

b

If "Yes," describe in Part IV

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

1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$

2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt 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?

☐ Yes ☐ No

5

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

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

| Limits on Lobbying Expenditures<br>(The term "expenditures" means amounts paid or incurred.)   |   | (a) Filing<br>Organization's<br>Totals          | (b) Affiliated<br>Group<br>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<br>(150% of line 2a, column(e))    |          |          |          |          |           |
| c Total lobbying expenditures                                |          |          |          |          |           |
| d Grassroots non-taxable amount                              |          |          |          |          |           |
| e Grassroots ceiling amount<br>(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 |    | 16,861 |
|  | j Total lines 1c through 1i  |     |    | 16,861 |
|  | 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).  |    |  |
| a | Current year   | 2a |  |
| b | Carryover from last year   | 2b |  |
| c | Total  | 2c |  |
| 3 | Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues  | 3  |  |
| 4 | If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year? | 4  |  |
| 5 | Taxable amount of lobbying and political expenditures (see instructions)   | 5  |  |

Part IV

Supplemental Information

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

| Identifier                         | Return Reference  | Explanation  |
|------------------------------------|-------------------|--|
| EXPLANATION OF LOBBYING ACTIVITIES | PART II-B, LINE 1 | PERCENTAGE OF INDIANA HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION DUES PAID ATTRIBUTABLE TO LOBBYING EXPENSES AS DEFINED IN FEDERAL LAW |

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 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  
UNION HOSPITAL INC

Employer identification number  
35-0876396

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

|   |  |                              |
|---|--|------------------------------|
|   | (a) Donor advised funds  | (b) Funds and other accounts |
| 1 | Total number at end of year  |                              |
| 2 | Aggregate contributions to (during year)   |                              |
| 3 | Aggregate grants from (during year)  |                              |
| 4 | Aggregate value at end of year   |                              |
| 5 | Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

|    |        |
|----|--------|
|    | Amount |
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

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 . . . . .                      | 958,444       | 946,496           | 969,067             | 1,010,484          |
| b  | Contributions . . . . .                                  |               |                   |                     |                    |
| c  | Investment earnings or losses . . . . .                  | 17,914        | 44,026            | 17,441              | 4,129              |
| d  | Grants or scholarships . . . . .                         |               | 20,970            | 27,706              | 33,684             |
| e  | Other expenditures for facilities and programs . . . . . |               |                   |                     |                    |
| f  | Administrative expenses . . . . .                        |               | 11,108            | 12,306              | 11,862             |
| g  | End of year balance . . . . .                            | 976,358       | 958,444           | 946,496             | 969,067            |

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations . . . . .

(ii)

related organizations . . . . .

b

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

|        |     |    |
|--------|-----|----|
|        | Yes | No |
| 3a(i)  |     | No |
| 3a(ii) |     | No |
| 3b     |     |    |

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 . . . . .  |                                      | 36,335,115                     |                              | 36,335,115     |
| b Buildings . . . . .  |                                      | 311,471,149                    | 102,877,672                  | 208,593,477    |
| c Leasehold improvements . . . . .   |                                      | 3,017,414                      | 1,870,839                    | 1,146,575      |
| d Equipment . . . . .  |                                      | 119,419,088                    | 87,052,413                   | 32,366,675     |
| e Other . . . . .  |                                      | 17,080,429                     |                              | 17,080,429     |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . |                                      |                                |                              | 295,522,271    |



| 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  |
|---|------------------|--|
| DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS      | PART V, LINE 4   | THE CORPORATION'S ENDOWMENT CONSISTS OF INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES WHICH WERE DONOR-RESTRICTED NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE CORPORATION TO FUNCTION AS ENDOWMENTS, ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS  |
| DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48 | PART X           | ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE CORPORATION AND RECOGNIZE A TAX LIABILITY IF THE CORPORATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE CORPORATION, AND HAS CONCLUDED THAT AS OF AUGUST 31, 2012 AND 2011, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS FILINGS ARE CURRENT THROUGH 2011 THE IMPACT OF THE SUBSIDIARIES TAX CONSEQUENCES IS IMMATERIAL TO THESE FINANCIAL STATEMENTS |
|   |                  | FORM 990, PART IV LINE 12 HAS BEEN CHECKED NO PER 990 INSTRUCTIONS PART XI, XII, AND XIII ARE NOT REQUIRED AS THE ORGANIZATION IS PART OF A CONSOLIDATED FINANCIAL STATEMENT THE CONSOLIDATED FINANCIAL STATEMENTS ARE AUDITED BY AN INDEPENDENT ACCOUNTING FIRM AND PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  |



SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

**Name of the organization**  
UNION HOSPITAL INC

**Employer identification number**  
35-0876396

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<br><div><input checked="" type="checkbox"/> Applied uniformly to all hospitals<br/><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<br><br>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<br><div><input type="checkbox"/> 100%<input checked="" type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div><br>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 . . . . .<br><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><br>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) . . . . .   |   |                               | 3,983,580                           |                               | 3,983,580                         | 1 000 %                      |
| b Medicaid (from Worksheet 3, column a) . . . . .   |   |                               | 76,439,169                          | 46,232,291                    | 30,206,878                        | 7 550 %                      |
| c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .              |   |                               | 172,499,253                         | 144,387,234                   | 28,112,019                        | 7 030 %                      |
| d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .                            |   |                               | 252,922,002                         | 190,619,525                   | 62,302,477                        | 15 580 %                     |
| <b>Other Benefits</b>   |   |                               |                                     |                               |                                   |                              |
| e Community health improvement services and community benefit operations (from Worksheet 4) . . . . . |   |                               | 1,355,140                           |                               | 1,355,140                         | 0 340 %                      |
| f Health professions education (from Worksheet 5) . . . . .   |   |                               | 9,321,622                           | 2,829,384                     | 6,492,238                         | 1 620 %                      |
| g Subsidized health services (from Worksheet 6) . . . . .   |   |                               |                                     |                               |                                   |                              |
| h Research (from Worksheet 7) . . . . .   |   |                               | 193,625                             | 5,500                         | 188,125                           | 0 050 %                      |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .                   |   |                               | 222,177                             |                               | 222,177                           | 0 060 %                      |
| j <b>Total</b> Other Benefits . . . . .   |   |                               | 11,092,564                          | 2,834,884                     | 8,257,680                         | 2 070 %                      |
| k <b>Total.</b> Add lines 7d and 7j . . . . .   |   |                               | 264,014,566                         | 193,454,409                   | 70,560,157                        | 17 650 %                     |

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                         |   |                               | 259,775                              |                               | 259,775                            | 0.060 %                      |
| 2Economic development                                      |   |                               |                                      |                               |                                    |                              |
| 3Community support   |   |                               |                                      |                               |                                    |                              |
| 4Environmental improvements                                |   |                               | 684,124                              |                               | 684,124                            | 0.170 %                      |
| 5Leadership development and training for community members |   |                               |                                      |                               |                                    |                              |
| 6Coalition building  |   |                               |                                      |                               |                                    |                              |
| 7Community health improvement advocacy                     |   |                               |                                      |                               |                                    |                              |
| 8Workforce development                                     |   |                               | 15,090                               |                               | 15,090                             | 0 %                          |
| 9Other   |   |                               | 23,500                               |                               | 23,500                             | 0.010 %                      |
| 10Total  |   |                               | 982,489                              |                               | 982,489                            | 0.240 %                      |

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 | 13,052,562 |    |
| 3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy   | 3 |            |    |
| 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 | 126,078,214 |  |
| 6Enter Medicare allowable costs of care relating to payments on line 5   | 6 | 138,546,141 |  |
| 7Subtract line 6 from line 5. This is the surplus or (shortfall).  | 7 | -12,467,927 |  |
| 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:<br><input type="checkbox"/> Cost accounting system<br><input checked="" type="checkbox"/> Cost to charge ratio<br><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? 2

|   |  |
|---|--|
| 1 | UNION HOSPITAL INC<br>1606 NORTH SEVENTH STREET<br>TERRE HAUTE, IN 47804 |
|---|--|

2 UNION HOSPITAL CLINTON  
801 S MAIN ST  
CLINTON,IN 47842

[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)

UNION HOSPITAL

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 . . . . .<br>If "Yes," indicate what the Needs Assessment describes (check all that apply)<br>a <input type="checkbox"/> A definition of the community served by the hospital facility<br>b <input type="checkbox"/> Demographics of the community<br>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<br>d <input type="checkbox"/> How data was obtained<br>e <input type="checkbox"/> The health needs of the community<br>f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups<br>g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs<br>h <input type="checkbox"/> The process for consulting with persons representing the community's interests<br>i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs<br>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? . . . . .<br>If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)<br>a <input type="checkbox"/> Hospital facility's website<br>b <input type="checkbox"/> Available upon request from the hospital facility<br>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)<br>a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community<br>b <input type="checkbox"/> Execution of the implementation strategy<br>c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility<br>d <input type="checkbox"/> Participation in community-wide community benefit plan<br>e <input type="checkbox"/> Inclusion of a community benefit section in operational plans<br>f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA<br>g <input type="checkbox"/> Prioritization of health needs in the community<br>h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community<br>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? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for free care 150 0000000000000%<br>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? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 000000000000%</u><br>If "No," explain in Part VI the criteria the hospital facility used  | 10  | Yes |  |
| 11 | Explained the basis for calculating amounts charged to patients? . . . . .<br>If "Yes," indicate the factors used in determining such amounts (check all that apply)<br>a <input checked="" type="checkbox"/> Income level<br>b <input checked="" type="checkbox"/> Asset level<br>c <input checked="" type="checkbox"/> Medical indigency<br>d <input checked="" type="checkbox"/> Insurance status<br>e <input checked="" type="checkbox"/> Uninsured discount<br>f <input checked="" type="checkbox"/> Medicaid/Medicare<br>g <input type="checkbox"/> State regulation<br>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? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply)<br>a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site<br>b <input checked="" type="checkbox"/> The policy was attached to all billing invoices<br>c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms<br>d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices<br>e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility<br>f <input type="checkbox"/> The policy was available upon request<br>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 | Yes |    |
| 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<br>a <input type="checkbox"/> Reporting to credit agency<br>b <input type="checkbox"/> Lawsuits<br>c <input type="checkbox"/> Liens on residences<br>d <input type="checkbox"/> Body attachments or arrests<br>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? . . . . .<br>If "Yes," check all actions in which the hospital facility or a third party engaged<br>a <input type="checkbox"/> Reporting to credit agency<br>b <input type="checkbox"/> Lawsuits<br>c <input type="checkbox"/> Liens on residences<br>d <input type="checkbox"/> Body attachments<br>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)<br>a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission<br>b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge<br>c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills<br>d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy<br>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? . . . . .<br>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? . . . . .<br>If "Yes," explain in Part VI | 20 | 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?<br>. . . . .<br>If "Yes," explain in Part VI  | 21 | No |

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)

UNION HOSPITAL CLINTON

Name of Hospital Facility:\_\_\_\_\_

Line Number of Hospital Facility (from Schedule H, Part V, Section A):\_\_\_\_\_2\_\_\_\_\_

|  | 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 . . . . .<br>If "Yes," indicate what the Needs Assessment describes (check all that apply)<br>a <input type="checkbox"/> A definition of the community served by the hospital facility<br>b <input type="checkbox"/> Demographics of the community<br>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<br>d <input type="checkbox"/> How data was obtained<br>e <input type="checkbox"/> The health needs of the community<br>f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups<br>g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs<br>h <input type="checkbox"/> The process for consulting with persons representing the community's interests<br>i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs<br>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? . . . . .<br>If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)<br>a <input type="checkbox"/> Hospital facility's website<br>b <input type="checkbox"/> Available upon request from the hospital facility<br>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)<br>a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community<br>b <input type="checkbox"/> Execution of the implementation strategy<br>c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility<br>d <input type="checkbox"/> Participation in community-wide community benefit plan<br>e <input type="checkbox"/> Inclusion of a community benefit section in operational plans<br>f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA<br>g <input type="checkbox"/> Prioritization of health needs in the community<br>h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community<br>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? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 0000000000000%</u><br>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? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 000000000000%</u><br>If "No," explain in Part VI the criteria the hospital facility used  | 10  | Yes |  |
| 11 | Explained the basis for calculating amounts charged to patients? . . . . .<br>If "Yes," indicate the factors used in determining such amounts (check all that apply)<br>a <input checked="" type="checkbox"/> Income level<br>b <input checked="" type="checkbox"/> Asset level<br>c <input checked="" type="checkbox"/> Medical indigency<br>d <input checked="" type="checkbox"/> Insurance status<br>e <input checked="" type="checkbox"/> Uninsured discount<br>f <input checked="" type="checkbox"/> Medicaid/Medicare<br>g <input type="checkbox"/> State regulation<br>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? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply)<br>a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site<br>b <input checked="" type="checkbox"/> The policy was attached to all billing invoices<br>c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms<br>d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices<br>e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility<br>f <input type="checkbox"/> The policy was available upon request<br>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 | Yes |    |
| 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<br>a <input type="checkbox"/> Reporting to credit agency<br>b <input type="checkbox"/> Lawsuits<br>c <input type="checkbox"/> Liens on residences<br>d <input type="checkbox"/> Body attachments or arrests<br>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? . . . . .<br>If "Yes," check all actions in which the hospital facility or a third party engaged<br>a <input type="checkbox"/> Reporting to credit agency<br>b <input type="checkbox"/> Lawsuits<br>c <input type="checkbox"/> Liens on residences<br>d <input type="checkbox"/> Body attachments<br>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)<br>a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission<br>b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge<br>c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills<br>d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy<br>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? . . . . .<br>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? . . . . .<br>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?<br>. . . . .<br>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? 14

| 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, 6i, 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  |
|------------|-----------------|--|
|            |                 | PART I, LINE 3C SCHEDULE H PART I LINE 3BDESCRIPTION OF FAMILY INCOME LIMIT FOR DISCOUNTED CARETHE ORGANIZATION PROVIDES PARTIAL ASSISTANCE FOR INCOME LEVELS BETWEEN 150% AND 200% OF FEDERAL POVERTY GUIDELINES, AND OFFERS DISCOUNTED CARE ON A SLIDING SCALE FOR INCOME LEVELS BETWEEN 250% AND 400% OF FEDERAL POVERTY GUIDELINES |

| Identifier | ReturnReference | Explanation   |
|------------|-----------------|---|
|            |                 | PART II TO BETTER MEET THE NEEDS OF OUR COMMUNITIES UHI PARTICIPATES IN COMMUNITY BUILDING ACTIVITIES TO IMPROVE THE HEALTH IN THE COMMUNITY PROGRAMS HAVE BEEN DEVELOPED TO SPECIFICALLY HELP MEET THE NEEDS AS DEFINED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT MANY OF THE PROGRAMS OR SERVICES DEVELOPED MEET SEVERAL DEFINED NEEDS AND SOME OF THEM ARE MORE FOCUSED ON A CENTRAL IDEA, FOR EXAMPLE PARTNERING WITH OUR LOCAL WABASH VALLEY HARLEY DAVIDSON DEALER AND OFFERING A FREE PROSTATE CANCER SCREENING TO OUR MALE POPULATION THE CENTRAL FOCUS IS TO IDENTIFY MALES THAT HAVE AN ELEVATED PSA LEVELS SO THEY CAN GET TREATMENT BEFORE MAJOR HEALTH COMPLICATIONS ARISE SEE PART VI, LINE 5 NARRATIVES |

| Identifier | ReturnReference | Explanation  |
|------------|-----------------|--|
|            |                 | <p>PART III, LINE 4 FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES EFFECTIVE SEPTEMBER 1, 2011, THE CORPORATION ADOPTED ACCOUNTING STANDARDS UPDATE (ASU) 2010-23, HEALTHCARE ENTITIES (TOPIC 954) "MEASURING CHARITY CARE FOR DISCLOSURE" WHICH REQUIRES CERTAIN HEALTHCARE ENTITIES TO DISCLOSE THE COST OF PROVIDING CHARITY CARE ALL PERIODS PRESENTED HAVE BEEN RECLASSIFIED TO CONFORM TO THIS PRESENTATION THE CORPORATION'S ADOPTION OF THIS STANDARD HAD NO NET IMPACT ON FINANCIAL POSITION, RESULTS OF OPERATIONS, OR CASH FLOWS ALSO ASU 2011-7 "PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR BAD DEBTS, AND ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES", EFFECTIVE FOR THE FIRST ANNUAL PERIOD ENDING AFTER DECEMBER 15, 2012, HAS BEEN ADOPTED EARLY BY THE CORPORATION THIS ADDITIONAL REQUIREMENT OF TOPIC 954 MOVES THE PROVISION FOR BAD DEBTS FROM AN OPERATIONAL EXPENSE TO A DEDUCTION TO ARRIVE AT NET PATIENT SERVICE REVENUE LESS PROVISION OF BAD DEBTS ASU 2010-24 "PRESENTATION OF INSURANCE CLAIMS AND RELATED INSURANCE RECOVERIES", EFFECTIVE FOR FISCAL YEARS BEGINNING AFTER DECEMBER 15, 2010, HAS BEEN ADOPTED BY THE CORPORATION TO PROPERLY RECORD HEALTH INSURANCE CLAIMS AND ANY RELATED RECOVERIES SEPARATELY ON THE BALANCE SHEET ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE CORPORATION ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE CORPORATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE CORPORATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS DURING 2012, THE CORPORATION'S ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS STAYED CONSISTENT AT APPROXIMATELY \$19,100,000 AS OF AUGUST 31, 2012, THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS OF \$19,100,000 WAS COMPRISED OF APPROXIMATELY \$11,884,000 RESERVED FOR SELF-PAY BALANCES AND APPROXIMATELY \$7,204,000 RESERVED FOR THIRD-PARTY PAYOR BALANCES AS OF AUGUST 31, 2011, THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS OF \$19,100,000 WAS COMPRISED OF APPROXIMATELY \$10,433,000 RESERVED FOR SELF-PAY BALANCES AND APPROXIMATELY \$8,702,000 RESERVED FOR THIRD-PARTY PAYOR BALANCES EXPLANATION FOR LINE 2 AND 3 OR RATIONAL FOR INCLUDING OTHER BAD DEBT AMOUNT IN COMMUNITY BENEFIT THE HOSPITAL HAS A DETAILED FINANCIAL ASSISTANCE POLICY WHICH STATES THAT TO PARTICIPATE IN CHARITY CARE CANDIDATES MUST COOPERATE FULLY IN ADDITION THE HOSPITAL EDUCATES PATIENTS WITH LIMITED ABILITY TO PAY REGARDING FINANCIAL ASSISTANCE FOR THIS REASON THE ORGANIZATION BELIEVES THAT IT ACCURATELY CAPTURES ALL CHARITY CARE DEDUCTIONS PROVIDED ACCORDING TO THE FINANCIAL ASSISTANCE POLICY AND THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS NEGLIGIBLE</p> |

| Identifier | ReturnReference | Explanation  |
|------------|-----------------|--|
|            |                 | PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, MEDICARE HAS BEEN PROVIDED FROM THE YEAR ENDED AUGUST 31, 2012 REPORT HOSPITAL STATEMENT OF REIMBURSABLE COST |

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

| Identifier | ReturnReference | Explanation   |
|------------|-----------------|---|
|            |                 | <p>PART VI, LINE 2 AT UNION HOSPITAL, ASSESSING THE NEEDS OF OUR COMMUNITY IS AN ONGOING ACT IVITY ON FEBRUARY 7, 2012, THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS OFFICIALLY LA UNCHED AND MADE AVAILABLE FOR PUBLIC USE THE CHNA REPRESENTS A UNIQUE COLLABORATION BETWE EN THE TWO LARGEST HEALTHCARE PROVIDERS IN THE WABASH VALLEY (UNION HOSPITAL AND REGIONAL HOSPITAL), ALONG WITH THE THCC AND ITS BHWV INITIATIVE BOTH UNION HOSPITAL (\$21,000) AND TERRE HAUTE REGIONAL HOSPITAL (\$16,500) PROVIDED FUNDING FOR THIS PROJECT, WHICH TOOK NEAR LY SIX MONTHS TO COMPLETE THE SIX COUNTIES ASSESSED INCLUDE CLAY, GREENE, PARKE, SULLIVAN , VERMILLION AND VIGO COUNTIES HEALTHY COMMUNITY INSTITUTE (HCI) USES DATA FROM SECONDARY SOURCES BY COMPILING THE DATA INTO ONE CHNA REPORT PROVIDING NEARLY 100 INDICATORS MEASUR ING HEALTH AND WELLNESS, ECONOMIC FACTORS, EDUCATION, PUBLIC SAFETY AND SOCIAL ENVIRONMENT THIS TOOL CAN BE USED BY MANY DIFFERENT SEGMENTS OF THE COMMUNITY THE DATA IS AUTOMATIC ALLY UPDATED BY HCI REPRESENTATIVES AS NEW DATA IS MADE PUBLIC BY OTHER SECONDARY DATA SOU RCES THE CHNA INDICATORS EACH FEATURE A "DASHBOARD" REPRESENTING DATA THAT HAS BEEN COLLE CTED FROM ROUGHLY 40 DIFFERENT SOURCES EACH "DASHBOARD" HAS A NEEDLE POINTING TO ONE OF T HREE COLORS REPRESENTING THE GOOD (GREEN), THE CAUTIONARY (YELLOW) AND THE SERIOUS CONDITI ON (RED) OF A PARTICULAR INDICATOR SIDE-BY-SIDE COMPARISONS OF THE FIVE COUNTIES FEATURED ON THE WEBSITE, ALONG WITH STATEWIDE AND NATIONWIDE COMPARISONS ARE ALSO AVAILABLE THE C HNA IS HOUSED ON THE THCC WEBSITE, TERREHAUTECHAMBER.COM AND CAN BE ACCESSED THROUGH BOTH THE TERRE HAUTE REGIONAL HOSPITAL AND UNION HOSPITAL WEBSITES THE BHWV IMPLEMENTATION PLA N WAS DEVELOPED BY A SUB-COMMITTEE OF BHWV MEMBERS OF THIS SUB-COMMITTEE HAVE KNOWLEDGE O F PUBLIC HEALTH AND REPRESENT THE COMMUNITY AS A WHOLE THIS IMPLEMENTATION PLAN IS INTEND ED TO BE A "COMMUNITY PLAN" NO SINGLE ORGANIZATION CAN IMPACT THE HEALTH OF THE COMMUNITY ALONE IT IS BHWV VISION THAT EACH COMMUNITY INCLUDED IN THE CHNA SHOULD HAVE A SAY NOT O NLY IN WHAT NEEDS THEY WILL FOCUS ON BUT HOW THEY WILL GO ABOUT POSITIVELY IMPACTING THOSE NEEDS THE EXPECTATION IS THAT MANY OF THE COUNTIES INCLUDED IN THE CHNA WILL HAVE SIMILA R NEEDS AND PROJECTS, PROGRAMS AND EDUCATION WILL BE DEVELOPED FOR IMPLEMENTATION ACROSS T HE ENTIRE "REGION" THE IMPLEMENTATION PLAN WILL GO INTO EFFECT ON JANUARY 1, 2014 THE PLAN IS A THREE YEAR PLAN WITH ANNUAL REVIEW OF EFFECTIVENESS, BENCHMARKS, PROGRAMS AND COMM UNITY HEALTH NEEDS BHWV ORGANIZATIONS MAY FORMALLY CHOOSE TO ADOPT THE INITIATIVES OUTLIN ED IN THIS DOCUMENT THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA) REQUIRES ALL N OT-FOR-PROFIT HOSPITALS TO COMPLETE A COMMUNITY HEALTH NEEDS ASSESSMENT AND ALSO COMPLETE AN IMPLEMENTATION PLAN, SEEKING INPUT FROM THE COMMUNITY AND BOARD APPROVAL OF THE PLAN IS REQUIRED FAILURE TO COMPLY WITH THE PPACA COULD RESULT IN FORFEITURE OF TAX EXEMPT STATU S OR A \$50,000 FINE UNTIL THE REQUIREMENTS ARE MET UNION HOSPITAL, SULLIVAN COUNTY COMMUN ITY HOSPITAL, GREENE COUNTY GENERAL HOSPITAL AND ST VINCENT CLAY HOSPITAL ARE ALL PARTNER S IN THE BHWV INITIATIVE THAT HAVE REQUIREMENTS THEY HAVE TO FULFILL TO BE IN COMPLIANCE WITH THE PPACA TO HELP SUPPLEMENT OUR INVOLVEMENT IN BHWV, UNION HOSPITAL OFFICIALS HAVE F ORMED THE UNION HOSPITAL COMMUNITY HEALTH IMPROVEMENT IMPLEMENTATION PLAN WHICH INCORPORAT ES DATA FROM THE COMMUNITY HEALTH NEEDS ASSESSMENT, INPUT FROM COMMUNITY LEADERS HAVING IN TEREST AND KNOWLEDGE IN PUBLIC HEALTH THAT ARE MEMBERS OF BHWV, THE UNION HOSPITAL BOARD O F DIRECTORS AND THE COMMUNITY AS A WHOLE ADDITIONALLY, TO HELP SUPPLEMENT OUR FORMAL COMM UNITY HEALTH NEEDS ASSESSMENT, AN ONLINE SURVEY WAS DEVELOPED FOR THE COMMUNITY TO RANK NE EDS BASED ON THE AREA CODE IN WHICH THEY RESIDE THIS DATA HAS BEEN TAKEN INTO CONSIDERATI ON AND WILL HELP US PLAN AND IMPLEMENT PROGRAMS FOR COMMUNITY HEALTH IMPROVEMENT UNION HO SPITAL ALSO SEEKS PUBLIC INPUT IN VARIOUS STAKEHOLDER MEETINGS THAT TAKE PLACE AT THE HOSP ITAL ON A BI-MONTHLY BASIS THOSE STAKEHOLDER MEETINGS CONSIST OF, COMMUNITY IMPACT COMMIT TEE, PATIENT FAMILY ADVISORY, BOARD OF DIRECTORS ADVISORY AND VENDOR ADVISORY THESE ADVIS ORY COMMITTEES WERE FORMED TO HELP THE HOSPITAL PERFORM A SWOT ANALYSIS AND GAIN DIFFERENT PERSPECTIVE FROM DIFFERENT INDIVIDUALS THAT THE HOSPITALS COME IN CONTACT WITH ON A DAILY BASIS THIS ANALYSIS HAS BEEN COMPILED TO HELP WITH OUR STRATEGIC PLANNING PROCESS UNION EMPLOYS A FULL-TIME POSITION (COMMUNITY BENEFIT SPECIALIST) DEDICATED TO COMMUNITY BENEFIT ACTIVITIES FOR THE ORGANIZATION THE COMMUNITY BENEFIT SPECIALIST TAKES ON THE LEAD ROLE IN COLLECTING DATA TO ASSIST IN ASSESSING THE NEEDS OF OUR COMMUNITY THE WEB SITE STATSI NDIANA.EDU HAS A WEALTH OF HEALTH, DEMOGRAPHIC AND INCOME DATA PROVIDING UNION WITH AN ASS ESSMENT OF ALL INDIANA COUNTIES IN OUR SERVICE AREA THE U S CENSUS BUREAU AND COUNTYHEAL THRANKINGS.ORG PROVIDED US MORE DATA THAT CAN BE D</p> |



| Identifier | ReturnReference | Explanation  |
|------------|-----------------|--|
|            |                 | RILLED DOWN TO THE STATE, COUNTY AND CITY LEVELS TO HELP UNION OFFICIALS ACCURATELY ASSESS COMMUNITY HEALTH NEEDS UNION ALSO WORKS CLOSELY WITH INDIANA STATE UNIVERSITY HEALTH AND HUMAN SERVICES AND THE VIGO COUNTY HEALTH DEPARTMENT THE HOSPITAL UTILIZES NATIONAL RESEARCH CORPORATION (NRC) TO CONDUCT ITS PATIENT SATISFACTIONS SURVEY PROCESS, THE NRC PRODUCT PROVIDES UNION WITH COMMUNITY HEALTH NEEDS ASSESSMENT AND PROGRAM INDICATORS |

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

| Identifier | ReturnReference | Explanation  |
|------------|-----------------|--|
|            |                 | <p>PART VI, LINE 4 THE ORGANIZATION SERVES A SIX COUNTY "REGION" LOCATED IN WABASH VALLEY IN CLUDING CLAY, GREEN, PARKE, SULLIVAN, VERMILLION, AND VIGO COUNTIES FOLLOWING IS A DESCR IPTION OF THE COMMUNITY BY COUNTY CLAY COUNTY - THE TOTAL POPULATION OF CLAY COUNTY IS 26,8 94, WHICH RANKS CLAY COUNTY AS 59TH IN INDIANA THE LARGEST CITY IN CLAY COUNTY IS BRAZIL, WITH A POPULATION OF 8,073 THE COUNTY IS 357 60 SQUARE MILES, WHICH MAKES THE POPULATION PER SQUARE MILE 75 21 THERE ARE 1,554 PRESCHOOL CHILDREN AGES 0 TO 4, 4,762 SCHOOL CHILD REN AGES 5 TO 7, 2,222 COLLEGE AGES 18 TO 24, 6,599 YOUNG ADULTS AGES 25 TO 44, 7,628 OLDE R ADULTS AGES 45 TO 64, AND 4,129 SENIORS AGES 65 AND OLDER THE MEDIAN AGE OF PEOPLE IN C LAY COUNTY IS 40 3 YEARS OLD IN CLAY COUNTY THERE ARE 26,362 WHITES, 336 HISPANICS, 136 B LACKS, 74 ASIANS, 64 AMERICAN INDIAN AND ALASKA NATIVE, 9 NATIVE HAWAIIAN AND OTHER PACIFI C ISLAND, AND 249 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2011 WAS \$44,574, WHICH RANKED 47TH IN THE STATE THE POVERTY RATE IS 13 7%, WHICH RANKS 50TH IN TH E STATE THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 21 4%, WHICH RANKS 44TH IN THE STATE IN 2010 THERE WERE AN AVERAGE OF 112 FAMILIES ON WELFARE EACH MONTH, WHICH IS 4 2ND IN THE STATE THERE WERE 3,595 PEOPLE HAD FOOD STAMPS IN 2010, WHICH RANKS 52ND IN THE STATE THERE WERE 2,227 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2011, WHICH RANKS 55T H IN THE STATE IN CLAY COUNTY 11,368 PEOPLE ARE EMPLOYED, WHICH RANKS 62ND IN THE STATE 1,368 PEOPLE ARE UNEMPLOYED, WHICH RANKS 53RD IN THE STATE GREENE COUNTY - THE POPULATION IN GREENE COUNTY IS 32,895, WHICH RANKS THEM AS 51ST IN INDIANA THE LARGEST CITY IN GREEN E COUNTY IS LINTON, WITH A POPULATION OF 5,369 THE COUNTY IS 541 7 SQUARE MILES, WHICH MA KES THE POPULATION PER SQUARE MILE 60 73 THERE ARE 1,934 PRESCHOOL CHILDREN AGES 0 TO 4, 5,786 SCHOOL CHILDREN AGES 5 TO 17, 2,475 COLLEGE AGES 18 TO 24, 7,800 YOUNG ADULTS AGES 2 5 TO 44, 9,615 OLDER ADULTS AGES 45 TO 64, AND, 5,285 SENIORS AGES 65 AND OLDER THE MEDIA N AGE IN GREENE COUNTY IS 41 6 YEARS OLD IN GREENE COUNTY THERE ARE 32,277 WHITES, 363 HI SPANICS, 127 BLACKS, 111 ASIANS, 99 AMERICAN INDIAN OR ALASKA NATIVE, 7 NATIVE HAWAIIAN AN D OTHER PACIFIC ISLAND, AND 274 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOM E IN 2010 WAS \$41,504, WHICH IS RANKED 67TH IN THE STATE THE POVERTY RATE IS 14%, WHICH R ANKS 41ST IN INDIANA THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 20 7%, WHICH RANKS 44TH IN THE STATE IN 2010 THERE WAS AN AVERAGE OF 96 FAMILIES ON WELFARE EACH MONTH, WHICH IS 48TH IN THE STATE THERE WERE 4,148 PEOPLE RECEIVING FOOD STAMPS IN 2010, WHICH RANKS 44TH IN THE STATE THERE WERE 2,425 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2011 , THIS IS 47TH IN THE STATE IN GREENE COUNTY 14,069 PEOPLE ARE EMPLOYED, WHICH RANKS 52ND IN THE STATE 1,406 PEOPLE ARE UNEMPLOYED, WHICH RANKS 49TH IN INDIANA SULLIVAN COUNTY - THE TOTAL POPULATION IS JUST OVER 21,000, WHICH RANKS SULLIVAN 70TH IN INDIANA THE LARGE ST CITY IS SULLIVAN, WITH A POPULATION OF 2,224 THE COUNTY IS 447 10 SQUARE MILES, WHICH MAKES THE POPULATION PER SQUARE MILE 47 39 THERE ARE 1,098 PRESCHOOL CHILDREN AGES 0 TO 4 , 3,342 SCHOOL CHILDREN AGES 5 TO 17, 1,875 COLLEGE AGES 18 TO 24, 5,744 YOUNG ADULTS AGES 25 TO 44, 6,021 OLDER ADULTS AGES 45 TO 64, AND, 3,276 SENIORS AGES 65 AND OLDER THE MED IAN AGE OF PEOPLE IN SULLIVAN COUNTY IS 40 3 YEARS OLD IN SULLIVAN COUNTY THERE ARE 20,03 1 WHITES, 325 HISPANICS, 992 BLACKS, 48 ASIANS, 63 AMERICAN INDIAN AND ALASKA NATIVE, 1 NA TIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 221 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2011 WAS \$42,608, WHICH RANKED 63RD IN THE STATE THE POVERTY RATE IS 18%, WHICH RANKS 16TH IN THE STATE THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 22 6%, WHICH RANKS 36TH IN THE STATE IN 2010 THERE WAS AN AVERAGE OF 91 FAMILIES ON WELF ARE EACH MONTH, WHICH IS 55TH IN THE STATE THERE WERE 2,651 PEOPLE RECEIVING FOOD STAMPS IN 2010, WHICH RANKS 66TH IN THE STATE THERE WERE 2,227 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2011, WHICH RANKS 55TH IN THE STATE IN SULLIVAN COUNTY 7,721 PEOPLE ARE EMPLOY ED, WHICH RANKS 76TH IN THE STATE 961 PEOPLE ARE UNEMPLOYED, WHICH RANKS 66TH IN THE STAT E PARKE/VERMILLION COUNTY - THE POPULATION IN PARKE COUNTY IS 17,237, WHICH RANKS 77TH IN THE STATE OF INDIANA THE LARGEST CITY IS ROCKVILLE WITH A POPULATION OF 2,589 PEOPLE PARKE COUNTY HAS 444 8 SQUARE MILES WITH 38 75 PEOPLE PER SQUARE MILE THERE ARE 979 PRESCHOO L AGES 0 TO 4, 2,608 SCHOOL CHILDREN AGES 5 TO 17, 1,483 COLLEGE AGES 18 TO 24, 4,283 YOUN G ADULTS AGES 25 TO 44, 5,143 OLDER ADULTS AGES 45 TO 64, AND, 2,741 SENIORS AGES 65 AND O LDER THE MEDIAN AGE IN PARKE COUNTY IS 41 8 YEARS OLD THERE ARE 16,580 WHITES, 440 BLACK S, 240 HISPANICS, 72 AMERICAN INDIAN OR ALASKA NATIVE, 43, ASIAN, 4 NATIVE HAWAIIAN AND OT HER PACIFIC ISLAND, AND 98 PEOPLE WITH TWO OR MORE</p> |

| Identifier | ReturnReference | Explanation  |
|------------|-----------------|--|
|            |                 | <p>RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN PARKE COUNTY IS \$42,749, WHICH RANKS 52ND I N THE STATE THE POVERTY RATE IS 16 6%, WHICH RANKS 21ST IN THE STATE, AND THE POVERTY RAT E AMONG CHILDREN UNDER 18 YEARS OLD IS 27 5%, WHICH RANKS 9TH IN THE STATE IN 2010 AN AVE RAGE OF 93 FAMILIES EACH MONTH WAS ON WELFARE THIS RANKS 51ST IN INDIANA THERE WERE 1,95 2 PEOPLE ON FOOD STAMPS IN 2010, WHICH IS 76TH IN THE STATE THERE WERE 1,257 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2011, WHICH IS 74TH IN INDIANA THERE ARE 7,138 EMPLOYED P EOPLE IN PARKE COUNTY, WHICH RANKS 78TH IN THE STATE THERE ARE 775 UNEMPLOYED PEOPLE, WHI CH RANKS 79TH IN THE STATE THE POPULATION IN VERMILLION COUNTY IS 16,231, WHICH RANKS 79T H IN THE STATE THE LARGEST CITY IN VERMILLION COUNTY IS CLINTON WITH A POPULATION OF 4,89 8 PEOPLE VERMILLION COUNTY HAS 256 9 SQUARE MILES AND A POPULATION PER SQUARE MILE OF 63 18 THERE ARE 872 PRESCHOOL AGES 0 TO 4, 2,842 SCHOOL CHILDREN AGES 5 TO 17, 1,205 COLLEGE AGES 18 TO 24, 3,763 YOUNG ADULTS AGES 25 TO 44, 4,746 OLDER ADULTS AGES 45 TO 64, AND, 2 ,803 SENIORS AGES 65 AND OLDER THE MEDIAN AGE IN VERMILLION COUNTY IS 42 2 YEARS OLD IN VERMILLION COUNTY THERE ARE 15,950 WHITES, 167 HISPANICS, 57 BLACKS, 44 AMERICAN INDIAN OR ALASKA NATIVE, 30 ASIANS, 6 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 144 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2010 IS \$42,613, WHICH RANKS 54TH IN I NDIANA THE POVERTY RATE IN 2010 WAS 13 6%, WHICH RANKS 45TH IN THE STATE THE POVERTY RAT E AMONG CHILDREN UNDER 18 IS 20 2%, WHICH RANKS 46TH IN INDIANA IN 2010 THE AVERAGE NUMBE R OF FAMILIES ON WELFARE EACH MONTH WAS 66, THIS IS 68TH IN THE STATE THERE WERE 2,005 PE OPLE ON FOOD STAMPS IN 2010, WHICH RANKS 74TH IN INDIANA THERE WERE 1,338 CHILDREN ON FRE E AND REDUCED FEE LUNCHES IN 2011 IN VERMILLION COUNTY THERE ARE 6,830 PEOPLE EMPLOYED, WHICH RANKS 80TH IN THE INDIANA THERE ARE 908 PEOPLE UNEMPLOYED, WHICH RANKS 71ST IN THE S TATE VIGO COUNTY - THE TOTAL POPULATION OF VIGO COUNTY IS 108,182 PEOPLE VIGO COUNTY IS RANKED 17TH IN THE STATE OF INDIANA ACCORDING TO POPULATION THERE ARE 6,198 PRESCHOOL AGE S 0 TO 4, 16,579 SCHOOL AGE CHILDREN AGES 5 TO 17, 16,194 COLLEGE AGE ADULTS AGES 18 TO 24 , 27,134 YOUNG ADULTS AGES 25 TO 44, 27,514 OLDER ADULTS AGES 45 TO 64, AND 14,563 SENIORS AGES 65 AND OVER THE MEDIAN AGE FOR VIGO COUNTY IS 35 8 YEARS OLD THE LARGEST CITY IN V IGO COUNTY IS TERRE HAUTE, WHICH HAS A POPULATION OF 60,961 PEOPLE TERRE HAUTE IS THE HOM E TO 56 4% OF THE COUNTYS POPULATION THE POPULATION MAJORITY IS WHITE WITH 95,810 PEOPLE THERE ARE 7,733 BLACKS, 1,918 ASIANS, 2,597 HISPANIC, 389 AMERICAN INDIAN OR ALASKA NATIV E, 35 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 2,297 PEOPLE WITH TWO OR MORE RACIAL G ROUPS THE AVERAGE HOUSEHOLD INCOME FOR VIGO COUNTY IS \$39,089, WHICH RANKS 82ND IN THE ST ATE OF INDIANA THE POVERTY RATE IS 19 1%, WHICH IS 7TH IN INDIANA AND THE POVERTY RATE AM ONG CHILDREN UNDER 18 YEARS OLD IS 27%, WHICH IS 12TH IN INDIANA IN 2010 THERE WERE 16,37 5 PEOPLE WHO RECEIVED FOOD STAMPS, WHICH IS 10TH IN THE STATE THERE ARE 8,194 CHILDREN ON FREE AND REDUCED FEE LUNCH IN VIGO COUNTY, WHICH IS 14TH IN INDIANA IN 2010 THERE WAS AN AVERAGE OF 636 FAMILIES ON WELFARE EACH MONTH THIS IS 8TH IN THE STATE OF INDIANA THERE ARE 45,314 PEOPLE EMPLOYED IN VIGO COUNTY, WHICH RANKS 17TH IN THE STATE AND 5,169 PEOPLE UNEMPLOYED, WHICH RANKS 15TH IN THE STATE THE ANNUAL UNEMPLOYMENT RATE IS 10 2, WHICH IS 22ND IN THE STATE OF INDIANA</p> |

| Identifier | ReturnReference | Explanation   |
|------------|-----------------|---|
|            |                 | <p>PART VI, LINE 5 UNION HOSPITAL, ALONG WITH TERRE HAUTE REGIONAL HOSPITAL ARE FOUNDING MEMBERS OF THE TERRE HAUTE CHAMBER OF COMMERCE BETTER HEALTH WABASH VALLEY INITIATIVE (BHWV) THE ORIGINAL COMMITMENT WAS TO ASSIST IN THE PURCHASE OF THE COMMUNITY HEALTH NEEDS ASSESSMENT DATA AND TO MAKE THAT DATA WIDELY AVAILABLE TO THE PUBLIC BETTER HEALTH WABASH VALLEY NOW HAS ADDITIONAL SUPPORTING MEMBERS INCLUDING SULLIVAN COUNTY COMMUNITY HOSPITAL, HAMILTON CENTER AND UNITED WAY OF THE WABASH VALLEY THESE ORGANIZATIONS HAVE MADE A FINANCIAL CONTRIBUTION TO BETTER HEALTH WABASH VALLEY ALL MONIES CONTRIBUTED TO BETTER HEALTH WABASH VALLEY GO THROUGH THE TERRE HAUTE CHAMBER OF COMMERCE FOUNDATION WHICH IS A 501C3 ORGANIZATION BETTER HEALTH WABASH VALLEY'S MISSION IS TO IMPROVE THE OVERALL HEALTH OF THE COMMUNITY WHILE MAKING THE WABASH VALLEY A HEALTHIER COMMUNITY TO LIVE, WORK AND PLAY BETTER HEALTH WABASH VALLEY IS REPRESENTED BY SEVERAL DIFFERENT ORGANIZATIONS IN THE COMMUNITY INCLUDING, HEALTHCARE AND MENTAL HEALTH ORGANIZATIONS, SCHOOL CORPORATIONS, UNIVERSITIES, NOT-FOR-PROFITS AND BUSINESSES UNION HOSPITAL WILL REMAIN HEAVILY INVOLVED AND COMMITTED TO THE BETTER HEALTH WABASH VALLEY INITIATIVE OVER THE NEXT SEVERAL YEARS AS EMPLOYERS IN THE WABASH VALLEY LOOK FOR WAYS TO KEEP HEALTH INSURANCE CLAIMS AT A MINIMUM WE WILL WORK WITH THEM ON EMPLOYEE WELLNESS STRATEGIES, ADDITIONALLY WE WILL ASSIST IN PROGRAM DEVELOPMENT THAT COULD BE IMPLEMENTED ON AN ORGANIZATIONAL LEVEL AT LITTLE TO NO COST TO THE EMPLOYER AN EXAMPLE OF THIS MIGHT BE PROVIDING MATERIALS OR ONLINE RESOURCES FOR A WALKING PROGRAM BETTER HEALTH WABASH VALLEY AND ITS MEMBERS HAVE DECIDED TO FOCUS ON CARDIOVASCULAR DISEASE, OBESITY AND CHILDHOOD OBESITY AS TOP ISSUES THAT THEY WILL FOCUS ON OVER THE NEXT THREE YEARS</p> |

| Identifier | ReturnReference   | Explanation   |
|------------|---|---|
|            | SCHEDULE H, PART VI, LINE 5<br>RICHARD G LUGAR CENTER FOR<br>RURAL HEALTH | THE LUGAR CENTER'S MISSION IS TO ADVANCE RURAL HEALTH THROUGH EDUCATION, INNOVATION AND COLLABORATION THE LUGAR CENTER IS A PART OF UNION HOSPITAL AND ITS FAMILY MEDICINE RESIDENCY PROGRAM DEDICATED TO PREPARING PHYSICIANS TO SERVE IN RURAL COMMUNITIES THIS PROGRAM CONSISTS OF HANDS-ON CURRICULUM FOR FUTURE RURAL HEALTH PROVIDERS BASED ON A UNIQUE HUB-AND-SPOKE STRUCTURE THAT ALLOWS RESIDENTS TO WORK OUT OF THE MAIN HOSPITAL-BASED SITE DURING THEIR FULL THREE YEARS OF TRAINING WHILE STILL GAINING FIRST-HAND RURAL EXPERIENCE AT A FEDERALLY-DESIGNATED RURAL HEALTH CLINIC AND A FEDERALLY QUALIFIED HEALTH CENTER IT HAS DEVELOPED INTO A POLICY AND PROGRAM LEADER WITH THE DEVELOPMENT OF INNOVATIVE METHODOLOGIES TO SUPPORT A WORKFORCE THAT IS WELL-PREPARED TO PROVIDE ACCESS TO QUALITY HEALTH CARE SERVICES IN REMOTE AREAS NATIONALLY AND INTERNATIONALLY IT WAS FIRST ESTABLISHED IN 1993 AS THE MIDWEST CENTER FOR RURAL HEALTH TO PREPARE PRIMARY CARE PHYSICIANS FOR SUCCESSFUL RURAL PRACTICE AND TO EXPOSE INDIVIDUALS NOT YET DECIDED ON A CAREER TO THE REWARDS OF DELIVERING HEALTH CARE IN A RURAL AREA THE CENTER WAS RENAMED IN 2006 TO HONOR U S SENATOR RICHARD G LUGAR A SUPPORTER OF THE CENTER'S MISSION AND AN ADVOCATE FOR THE ADVANCEMENT OF RURAL HEALTHCARE IN 1993, UNION SET UP A MODEL RURAL HEALTH CLINIC AND TRAINING SITE IN CLAY CITY, INDIANA TO PROVIDE MUCH NEEDED HEALTH CARE SERVICES TO A MEDICALLY UNDERSERVED COMMUNITY THIS FEDERALLY DESIGNATED RURAL HEALTH CLINIC (RHC) ALSO PROVIDES A UNIQUE HANDS-ON TRAINING SITE FOR PHYSICIANS ENROLLED IN UNION HOSPITAL'S FAMILY MEDICINE RESIDENCY'S RURAL TRAINING TRACK A MULTIDISCIPLINARY TEAM OF PHYSICIANS, PHYSICIANS ASSISTANTS, NURSE PRACTITIONERS, MENTAL HEALTH COUNSELORS, PSYCHOLOGY INTERNS, AN X-RAY TECHNICIAN, AND AN OPTOMETRIST PROVIDE COMPREHENSIVE CARE TO ALL REGARDLESS OF THE PATIENT'S ABILITY TO PAY THE CLINIC COLLABORATES WITH THE LOCALLY OWNED PHARMACY TO PROVIDE PRESCRIPTION SERVICES TO UNINSURED AND UNDERINSURED PATIENTS USING THE SAME DISCOUNTED SLIDING FEE SCALE USED BY THE CLINIC A VITAL COMPONENT OF THIS CLINIC IS THE 10 MEMBER COMMUNITY ADVISORY BOARD CLAY CITY CENTER FOR FAMILY MEDICINE SERVES AS A MEDICAL HOME FOR APPROXIMATELY 5,000 AREA RESIDENTS, DELIVERING OVER 10,000 VISITS ANNUALLY, IN ADDITION TO HOUSE CALLS AND IN-PATIENT HOSPITAL CARE IN 2001, THE LUGAR CENTER DEVELOPED AND IMPLEMENTED A CHRONIC DISEASE MANAGEMENT PROGRAM AT THE CLINIC THAT IS STILL BEING INTEGRATED INTO CARE PLANS FOR PATIENTS AS APPROPRIATE THIS EVIDENCE BASED PROGRAM INCLUDES FIVE CHRONIC DISEASES-HYPERTENSION, DIABETES MELLITUS, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, CONGESTIVE HEART FAILURE, AND ASTHMA THERE REMAINS AN ENORMOUS NEED FOR ADDITIONAL PROVIDERS IN THE SMALL COMMUNITIES SURROUNDING UH AS WELL AS CLINICAL TRAINING SITES THE LUGAR CENTER IN COORDINATION WITH THE FAMILY MEDICINE RESIDENCY HAS EXPANDED TRAINING CAPACITY FOR FUTURE RURAL HEALTH CARE PROVIDERS THROUGH COLLABORATIVE EFFORTS WITH RURAL PARTNERS AROUND THE WABASH VALLEY THE LUGAR CENTER RECEIVED GRANT FUNDING IN THE AMOUNT OF \$1,041,412 DURING FISCAL YEAR 2012 TO HELP SUPPORT THE UNION HOSPITAL FAMILY MEDICINE RESIDENCY PROGRAM, CLAY CITY CENTER FOR FAMILY MEDICINE, AND THE WABASH VALLEY RURAL TELEHEALTH NETWORK |

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

| Identifier | ReturnReference   | Explanation  |
|------------|---|--|
|            | SCHEDULE H, PART VI, LINE 5<br>RURAL HEALTH INNOVATION<br>COLLABORATIVE | <p>ES URBAN AND RURAL PARTNERS AS WELL AS PRIVATE, PUBLIC AND GOVERNMENT PARTNERS THE LEADER S OF EACH PARTNER ORGANIZATION BRING MULTIPLE RESOURCES AND EXPERTISE TO THE COLLABORATIVE AND PROVIDE GUIDANCE AS A PART OF A ROBUST BOARD OF DIRECTORS COMMITTEES OF THE BOARD MA NAGE ACTIVITIES IN COMMUNICATIONS, EDUCATION, FACILITIES, FINANCE, ECONOMIC DEVELOPMENT A ND RESOURCE DEVELOPMENT AD-HOC COMMITTEES ARE CREATED AS NEEDED FOR TARGETED STUDY AND WO RK THROUGH THIS ROBUST COLLABORATIVE--INCLUDING THROUGH THE SHARING OF RESOURCES AMONG UR BAN, RURAL, GOVERNMENT, PUBLIC AND PRIVATE ENTITIES THAT ARE ALL REPRESENTED WITHIN THE RH IC--WE ARE IMPROVING EFFICIENCIES, CREATING AND IMPLEMENTINNOVATING ADVANCES IN CURRICULUM AND TRAINING FOR INTERPROFESSIONAL TEAMS OF PROVIDERS, AND ENSURING LONG-TERM RESULTS TOW ARD IMPROVED ACCESS TO QUALITY HEALTH CARE IN ALL OF OUR COMMUNITIES, ESPECIALLY INCLUDING OUR SURROUNDING RURAL COMMUNITIES NO COLLABORATION EVER COMES EASILY YET, IT IS THROUGH COLLABORATION THAT WE ARE ABLE TO ACHIEVE THE MOST RHIC MEMBERS HAVE HIRED A FULL-TIME D IRECTOR TO ASSIST WITH THOUGHTFULLY BUILDING A SOLID FOUNDATION FOR THE RHIC COLLABORATIVE , INCLUDING THROUGH THE CREATION OF FORMAL BYLAWS AND OTHER GOVERNING MECHANISMS TOWARD T HIS END, IN DECEMBER 2009, THE RHIC WAS FORMALLY RECOGNIZED BY THE IRS AS A 501(C)(3) NONP ROFIT ENTITY RHIC MEMBERS COME TOGETHER MONTHLY FOR INTENSE MEETINGS DURING WHAT HAS COME TO BE KNOWN AS "RHIC WEEK" EACH MONTH THE BOARD IS MADE UP OF MEMBERS FROM THE HIGHEST L EVELS OF LEADERSHIP FROM EACH OF THE PARTNER ENTITIES IN ADDITION TO RHIC COMMITTEE MEMBE RS MEETING MONTHLY, THESE LEADERS ARE ALSO COMING TOGETHER ON A CONTINUOUS, CONSISTENT BAS IS THIS SHARING OF TIME TO REVIEW VISION DOCUMENTS AS WELL AS THE MOST MUNDANE DOCUMENTS, HAS BEEN INVALUABLE IN TERMS OF MOVING THE COLLABORATIVE FORWARD TOWARD ITS ULTIMATE GOAL OF ENSURING A ROBUST WORKFORCE AND ENVIRONMENT TO BE ABLE TO PROVIDE LONG-TERM, SUSTAINAB LE ACCESS TO QUALITY HEALTH CARE FUTURE GOALS, AS STATED ABOVE, INCLUDE CREATING A TRULY INNOVATIVE INTERPROFESSIONAL HEALTH CURRICULUM AND TRAINING PROGRAM IN ADDITION TO CREATI NG A ROBUST INNOVATIVE, LEARNING ENVIRONMENT, THE RHIC MEMBERS ENVISION CREATING A "DISTRI CT" THAT CONNECTS UNION HOSPITAL TO THE INDIANA STATE UNIVERSITY CAMPUS IN TERRE HAUTE TH IS "NEIGHBORHOOD", ABOUT 270 ACRES, BETWEEN THE UNION HOSPITAL AND ISU CAMPUSES IS A BLIGH TED NEIGHBORHOOD THROUGH THIS ECONOMIC DEVELOPMENT INITIATIVE OF THE RHIC, WE ENVISION CR EATING A MIXED-USE LEARN-LIVE-WORK-PLAY DISTRICT THAT INCORPORATES HEALTHY LIVING DESIGN F EATURES AND FOSTERS JOB CREATION AND A CULTURE OF INNOVATION, CONTINUOUS LEARNING AND EXCE LLENCE TOWARD THIS END, THE RHIC PARTNERS HAVE HIRED AN ARCHITECTURAL FIRM TO LEAD A MAST ER PLANNING PROCESS THAT WILL INVOLVE STAKEHOLDERS FROM ACROSS THE COMMUNITY AND FROM ACRO SS DISCIPLINES WE FULLY EXPECT THIS "RHIC DISTRICT" TO BECOME A MODEL IN THE UNITED STATE S FOR INNOVATION AND EXCELLENCE CURRENT OPERATING EXPENSES ARE FUNDED THROUGH THE RHIC ME MBER ORGANIZATIONS IN ADDITION, SOME INITIAL FEDERAL AND STATE GRANTS HAVE BEEN SECURED T O BEGIN IMPLEMENTATION FOR EXAMPLE, A \$100,000 GRANT WAS SECURED THROUGH THE HEALTH RESOU RCES AND SERVICES ADMINISTRATION TO ESTABLISH THE COLLABORATIVE SIMULATION CENTER IN ADDI TION, THE RHIC'S RESOURCE DEVELOPMENT COMMITTEE HAS TAKEN A LEADING ROLE TO BEGIN APPLYING FOR GRANTS TO ASSIST WITH PROGRAM DEVELOPMENT AND IMPLEMENTATION TO MAXIMIZE IMPACT AND FURTHER THE VISION OF PROVIDING A ROBUST HEALTHCARE WORKFORCE THAT IS SUFFICIENT TO MEET ALL OF THE HEALTHCARE NEEDS IN OUR SERVICE AREAS, ESPECIALLY INCLUDING IN OUR RURAL UNDERSER VED COMMUNITIES THROUGHOUT THE WEST-CENTRAL REGION OF INDIANA</p> |



| Identifier | ReturnReference  | Explanation   |
|------------|--|---|
|            | SCHEDULE H, PART VI, LINE 5<br>PRE-NATAL CARE FOR INDIGENT<br>POPULATION | UNION HOSPITAL SERVES AS THE COMMUNITY SAFETY NET TO ASSURE THAT PRENATAL AND BIRTH CARE IS AVAILABLE TO ALL PREGNANT WOMEN IN THE WABASH VALLEY REGARDLESS OF FINANCIAL STATUS THROUGH ITS FAMILY MEDICINE CENTER AS IN MANY AREAS OF HEALTH CARE, FISCAL REALITIES AFFECT SERVICES THAT CAN BE PROVIDED WE ARE STRIVING TO MAINTAIN AND INNOVATIVELY IMPROVE SERVICES AND OPTIONS FOR THE VULNERABLE AND HIGH-RISK POPULATION WE SERVE EACH COUNTY THAT WE SERVE HAS A HIGHER PERCENT OF REPORTED PRENATAL SMOKING THAN THE 2005 REPORTED STATE OF INDIANA AVERAGE OF 17.9% THERE IS A COMBINED AVERAGE OF 27.94% FOR WOMEN FROM THE FIVE COUNTIES THAT WE SERVE WE STRIVE TO ADDRESS THIS PROBLEM AS WELL AS BREASTFEEDING AND PRENATAL CARE INITIATION IN THE FIRST TRIMESTER THE MHC IS PROUD TO PROVIDE A MULTIDISCIPLINARY APPROACH TO CARE FROM PHYSICIANS, RESIDENT PHYSICIANS, MIDWIVES, A FAMILY NURSE PRACTITIONER, NURSES, SOCIAL WORKERS, A SONOGRAPHER, AND A SUBSTANCE ABUSE COUNSELOR REFERRALS ARE MADE TO APPROPRIATE COMMUNITY AGENCIES WITH SERVICES FOR HOUSING, FOOD STAMPS, WOMEN INFANTS AND CHILDREN NUTRITION PROGRAM, ADOPTION RESOURCES, DENTAL, TRANSPORTATION, DOMESTIC ABUSE SUPPORT RESOURCES, MENTAL HEALTH COUNSELING, BEREAVEMENT, CHILD PROTECTION, FAMILY PLANNING, AND BABY SUPPLIES WE ENROLLED 284 NEW PATIENTS IN THE PAST FISCAL YEAR 130 OF OUR PATIENTS WERE ASSESSED AS BEING MODERATE TO HIGH RISK SOCIALLY THE POVERTY RATE IN VIGO COUNTY IN 2010 WAS 19.1% BECAUSE OF THIS, IT IS APPARENT THAT WOMEN IN OUR AREA ARE IN NEED OF THE SERVICES THAT THE MHC PROVIDES WE ARE A MEDICAID ENROLLMENT SITE, AND WE PROVIDE CARE ON A SLIDING FEE FOR SERVICE SCALE FOR THOSE WHO ARE NOT ELIGIBLE FOR MEDICAID FIRST TRIMESTER CARE HAS BEEN INCREASED FROM 77% IN 2007 TO 81% IN 2009 BREASTFEEDING RATES HAVE INCREASED FROM 65.8% IN 2007 TO 69.6% IN 2009 OVER HALF OF OUR CLIENTS WHO SMOKED WHEN THEY BECAME PREGNANT STOPPED SMOKING BY THE TIME THEIR BABIES WERE BORN WE HAVE RECENTLY STARTED AURICULAR (EAR) ACUPRESSURE AND ACUPUNCTURE IN OUR CLINIC TO ASSIST IN DECREASING SMOKING RATES WOMEN ARE READY TO BE HELPED DURING PREGNANCY TO DECREASE AND/OR STOP SMOKING WE HAVE IMPLEMENTED HOME VISITS, EDUCATION, AND AURICULAR THERAPY TO AID IN THIS TRANSITION WE KNOW THAT WOMEN WANT CONSISTENT CARE AND MANY WANT FEMALE PROVIDERS WE HAVE THE CARE PROVIDERS TO DO JUST THOSE THINGS WE PROMOTE AND ASSIST WITH BREASTFEEDING EDUCATION AND SUPPORT WE ADOPTED AN INCENTIVE PROGRAM TO MOTIVATE WOMEN TO PARTICIPATE IN EDUCATIONAL OPPORTUNITIES AND MAKE POSITIVE BEHAVIOR CHANGES PATIENTS EARN POINTS FOR KEEPING APPOINTMENTS, CHANGING DIETS, RELEASING ADDICTIONS, AND BREASTFEEDING THESE POINTS CAN BE EXCHANGED FOR USED CLOTHING AND HOUSEHOLD ITEMS AT THE NONPROFIT STORE RUN BY THE HELPING HANDS ORGANIZATION BY 2012, WE PLAN TO HAVE OUR FIRST TRIMESTER CARE RATES AT 80% AND OUR BREASTFEEDING AT 70% THROUGH OUR OPTIONS FOR SMOKING REDUCTION, WE PLAN TO DECREASE THIS RATE TO 98% UNION HOSPITAL'S PERINATAL SERVICE OFFERS THE ONLY LEVEL III-B NICU IN A SEVENTY-MILE RADIUS IN FACT, UNION HOSPITAL HAD THE FIRST NICU IN THE STATE WHICH WAS DEVELOPED IN 1964 BY A GROUP OF PEDIATRICIANS WE CURRENTLY OFFER THE EXPERTISE OF NEONATOLOGISTS WHICH ENABLES US TO CARE FOR THE VERY LOW BIRTH WEIGHT NEONATES TO ANY FULL TERM INFANT THAT MAY REQUIRE MEDICAL INTERVENTIONS RECENT RENOVATIONS WILL INCREASE THE NICU BEDS FROM NINE TO FIFTEEN IN 2011 OVER THREE-HUNDRED NEWBORNS WERE ADMITTED FOR CARE ANY NEWBORN THAT REQUIRES SURGICAL INTERVENTIONS DUE TO A CONGENITAL ANOMALY IS TRANSFERRED TO INDIANAPOLIS OUR PRIMARY GOAL IS TO CARE FOR THIS VULNERABLE POPULATION IN OUR TECHNOLOGICALLY ADVANCED UNIT SO THAT WE CAN DECREASE ANY UNNECESSARY STRESS TO FAMILIES ADDITIONALLY, WE HAVE A TRANSPORT TEAM WHO WILL GO TO SEVERAL SURROUNDING COUNTIES TO BRING INFANTS BACK TO UNION'S NICU FOR THE EXPERT MEDICAL AND NURSING CARE LABOR AND DELIVERY MOVED TO THE RENOVATED AREA ON JULY 9, 2012 THE NEW 23,000 SQUARE FOOT RENOVATIONS INCREASED THE BIRTHING SUITES FROM 5 BEDS TO 8 THE TRIAGE AREA EXPANDED FROM 3 BEDS TO 9, WITH THE CESAREAN BIRTHING AREA ACQUIRING AN ADDITIONAL ROOM FOR A TOTAL OF TWO IN 2012 THERE WERE 1732 BIRTHS AND APPROXIMATELY THE SAME NUMBER OF OUTPATIENTS WE PROVIDE ALL OPTIONS FOR THE PREGNANT WOMAN TO CHOOSE IN HOW SHE WOULD TO BIRTH HER NEWBORN - FROM HIGH TOUCH WITH NO PAIN MEDICATIONS TO HIGH TECH WHERE SHE CAN HAVE AN EPIDURAL THE BIRTHING SUITES HAVE SHOWERS WHERE ONE CAN USE HYDROTHERAPY FOR ANY LABORING DISCOMFORT WE MAKE EVERY EFFORT TO KEEP MOTHER AND NEWBORN TOGETHER FROM BIRTH TO DISCHARGE AND INITIATE BREAST FEEDING WITHIN THE FIRST HOUR OF LIFE THERE ARE LACTATION CONSULTANTS TO ASSIST WITH BREAST FEEDING DURING THE HOSPITALIZATION AND THE "STORK SHOP" WHERE ELECTRIC BREAST PUMPS, BRAS, AND SUPPLIES CAN BE PURCHASED PRENATAL CLASSES ARE ALSO OFFERED TO THOSE NEWLY PREGNANT FAMILIES AND FOR ANYONE WHO NEEDS A REFRESHER |

| Identifier | ReturnReference                                   | Explanation  |
|------------|---|--|
|            | SCHEDULE H, PART VI, LINE 5 ST ANN MEDICAL CLINIC | FOUNDED IN SEPTEMBER 1997 TO PROVIDE COMPREHENSIVE OUTPATIENT MEDICAL CARE FOR THE POOR OF VIGO AND SURROUNDING COUNTIES ST ANN MEDICAL CLINIC IS A PROGRAM OF PROVIDENCE SELF SUFFICIENCY MINISTRIES CLIENTS SERVED MUST BE FINANCIALLY AT OR BELOW THE 125% POVERTY LEVEL AS ESTABLISHED BY THE FEDERAL GUIDELINES, MUST HAVE NO INSURANCE AND NO PHYSICIAN, AND BE WITHOUT THE RESOURCES OF MEDICARE OR MEDICAID UNION'S PHYSICIANS, NURSES AND OTHERS PROVIDE VOLUNTEER SERVICE AND LEADERSHIP WITH ONE OF OUR PHYSICIANS SERVING AS MEDICAL DIRECTOR, AND LEADERS SUCH AS THE UNION HOSPITAL FOUNDATION DIRECTOR, THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE HOSPITAL'S LEGAL COUNSEL SERVING ON ITS ADVISORY COMMITTEE HOSPITAL PHYSICIANS AND STAFF PROVIDE THOUSANDS OF VOLUNTEER HOURS TO THE CLINIC EACH YEAR BEGINNING IN 2007, UNION HEALTH SYSTEM PLACED A NURSE PRACTITIONER FULL TIME WITHIN THE CLINIC IN ADDITION, UNION HOSPITAL UH ANNUALLY PROVIDES MORE THAN \$13,000 IN MONETARY SUPPORT AND NEARLY \$150,000 IN IN-KIND SUPPORT IN THE FORM OF FOLLOWUP TESTING AND CARE SINCE 1997, THE CLINIC HAS TALLIED 83,750 CLIENT VISITS WITH NEARLY 59,000 OF THOSE VISITS OCCURRING SINCE FISCAL YEAR 2007 THE CLINIC OPERATES WITH A STAFF OF 141 DEDICATED CORE VOLUNTEERS, INCLUDING DOCTORS, NURSE PRACTITIONERS, NURSES, PHARMACISTS AND CLERICAL SUPPORT THE NUMBER OF UNDERSERVED POOR IN THE VIGO COUNTY AREA IS INCREASING RAPIDLY AS EVIDENCED BY THE INCREASING NUMBERS OF CLINIC VISITS AND DECREASING ECONOMIC OPPORTUNITIES THE CLINIC HAS DECREASED VISITS TO THE ALREADY OVERLOADED HOSPITAL EMERGENCY ROOMS FURTHERMORE INDIVIDUALS AND FAMILIES, WHO HAVE NO OTHER RESOURCES, WOULD TYPICALLY NOT SEEK MEDICAL CARE, THUS RESULTING IN HIGHER INCIDENCES OF MORE SERIOUS MEDICAL CONDITIONS GOING UNTREATED, POORER QUALITY OF LIFE AND INCREASING STRESS ON THE FAMILY |

| Identifier | ReturnReference   | Explanation  |
|------------|---|--|
|            | SCHEDULE H, PART VI, LINE 5<br>UNION HOSPITAL CLARA<br>FAIRBANKS CENTER FOR WOMEN | CLARA FAIRBANKS CENTER FOR WOMEN PROVIDES QUALITY CARE AND STATE-OF-THE-ART TECHNOLOGY IN MAMMOGRAPHY SERVICES FOR ALL PATIENTS OF THE WABASH VALLEY AND SURROUNDING COUNTIES. WE NOW HAVE THREE LOCATIONS TO SERVE OUR PATIENTS: THE MAIN CENTER AT 1711 N 6 1/2 ST, SUITE 300, HUX; CANCER CENTER IN TERRE HAUTE; SECOND LOCATION IS SOUTH OF THE CITY AT THOMAS PLAZA, 5500 S US HWY 41, TERRE HAUTE; AND THE THIRD LOCATION AT UNION HOSPITAL CLINTON, 801 S MAIN, CLINTON. IN THE SERVICES PROVIDED INCLUDE DIGITAL MAMMOGRAPHY, BREAST ULTRASOUND, STEREOTACTIC AND ULTRASOUND GUIDED BREAST BIOPSY PROCEDURES, BONE DENSITY SCANS, AND A BOUTIQUE TO SUPPLY SPECIAL GARMENTS FOR PATIENTS WHO HAVE UNDERGONE BREAST SURGERY. BECAUSE PERSONALIZED CARE IS AS VITAL A PART OF GUIDING A PATIENT THROUGH BREAST CARE, AS IT IS IMPORTANT TO BE SURE TO TREAT EACH PATIENT AS AN INDIVIDUAL. NOT JUST A CANCER DIAGNOSIS, THE CENTER IDENTIFIED THE NEED FOR A PATIENT NAVIGATOR IN 2004. THE PATIENT NAVIGATOR HELPS GUIDE THE PATIENTS AND THEIR FAMILIES THROUGH THE SOMETIMES-OVERWHELMING PROCESS OF A BREAST CANCER DIAGNOSIS AND TREATMENT. SHE IS ABLE TO ACCOMPLISH THIS BY MAKING HERSELF AVAILABLE TO ANSWER QUESTIONS, SCHEDULE APPOINTMENTS AND COORDINATE REFERRALS. THE STAFF EDUCATES THE PATIENTS AND COMMUNITY ABOUT BREAST CARE, AVAILABLE GRANT DOLLARS, AND MAMMOGRAPHY SERVICES THROUGH DIRECT COMMUNICATION WITH THE CENTER, COMMUNITY HEALTH FAIRS AND PUBLIC SPEAKING. THE CLARA FAIRBANKS CENTER MEETS ALL STANDARDS SET FORTH BY THE HEALTHCARE FACILITIES ACCREDITATION PROGRAM (HFAP), FEDERAL DRUG ADMINISTRATION (FDA), AMERICAN COLLEGE OF RADIOLOGY (ACR), AND THE REQUIREMENTS SET FORTH BY THE INDIANA STATE DEPARTMENT OF HEALTH. THE CENTER IS THE LEADING MAMMOGRAPHY FACILITY IN THE WABASH VALLEY. SINCE 1998, THE CENTER HAS BEEN A MAJOR PARTICIPANT IN THE INDIANA BREAST AND CERVICAL CANCER PREVENTION PROGRAM (BCCP), A PROGRAM TO ASSIST INDIGENT WOMEN WITH FUNDING FOR MAMMOGRAPHY SERVICES. FOR THE LAST FIVE YEARS, THE CENTER HAS BEEN APPROVED FOR GRANT DOLLARS THROUGH THE INDIANA BREAST CANCER AWARENESS TRUST. IN 2012, THE CLARA FAIRBANKS CENTER PROVIDED OVER 17,000 MAMMOGRAPHY SERVICES (BREAST BIOPSIES, ULTRASOUNDS, AND MAMMOGRAMS). THIS SAME YEAR, THE CLARA FAIRBANKS CENTER FOR WOMEN DIAGNOSED 165 WOMEN WITH BREAST CANCER AND ANOTHER 28 THAT WERE HIGH RISK. THE WABASH VALLEY BREAST CANCER SURVIVOR ORGANIZATION GAVE DOLLARS IN THE AMOUNT OF \$7,500.00. THE BCCP GAVE FUNDS FOR APPROXIMATELY 86 MAMMOGRAPHY SERVICES THROUGH A WABASH VALLEY KOMEN FOUNDATION GRANT IN THE AMOUNT OF \$27,764.00. ANOTHER 46 WOMEN WERE ASSISTED WITH ADDITIONAL SERVICES (MOSTLY BREAST BIOPSY PROCEDURES AND DIAGNOSTIC MAMMOGRAPHY). FIFTY WOMEN RECEIVED SCREENING MAMMOGRAMS FROM A \$6,000 GRANT FROM INDIANA BREAST CANCER AWARENESS TRUST. THESE WERE WOMEN WHO MIGHT NOT HAVE RECEIVED THESE SERVICES IF THIS FUNDING HAD NOT BEEN AVAILABLE. BREAST CANCER SHOWS NO AGE BOUNDARIES; EARLY DETECTION IS STILL THE BEST PREVENTION. WITH EARLIER DIAGNOSIS, THERE IS LESS TREATMENT COST AND BETTER PROGNOSIS FOR THE PATIENT. WHILE BCCP IS A WORTHWHILE PROGRAM TO ASSIST INDIGENT WOMEN WITH MAMMOGRAPHY SERVICES, IT ONLY SUPPLIES FUNDING FOR MAMMOGRAPHY SERVICES FOR WOMEN 40 YEARS AND OLDER. WE KNOW THAT BREAST CANCER HAS THE POTENTIAL TO GROW MORE RAPIDLY IN YOUNGER WOMEN. THEREFORE IT IS OF UTMOST IMPORTANCE TO DETECT THESE CANCERS AT THE FIRST POSSIBLE SIGN. SINCE THERE HAS BEEN AN INCREASED NEED FOR FUNDING TO INCLUDE SCREENING, DIAGNOSIS, AND TREATMENT FOR WOMEN UNDER THE AGE OF 40, CLARA FAIRBANKS WILL CONTINUE TO PARTNER WITH ORGANIZATIONS LIKE THE SUSAN G KOMEN FOUNDATION. THE CENTER WILL LOOK FOR EVERY OPPORTUNITY TO REQUEST GRANTS TO HELP ASSIST NOT ONLY WOMEN BUT MEN FOR THESE SERVICES. THE CENTER WILL CONTINUE TO EDUCATE ABOUT THE IMPORTANCE OF EARLY DETECTION AND FURTHER ENHANCE THE HOSPITAL'S "TEAM APPROACH" FOR BREAST CANCER PATIENTS. |

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

| Identifier | ReturnReference  | Explanation  |
|------------|--|--|
|            | SCHEDULE H, PART VI, LINE 5<br>BETTER HEALTH WABASH VALLEY<br>(BHWV) | UNION HOSPITAL, ALONG WITH TERRE HAUTE REGIONAL HOSPITAL ARE FOUNDING MEMBERS OF THE TERRE HAUTE CHAMBER OF COMMERCE BETTER HEALTH WABASH VALLEY INITIATIVE. THE ORIGINAL COMMITMENT WAS TO ASSIST IN THE PURCHASE OF THE COMMUNITY HEALTH NEEDS ASSESSMENT DATA AND TO MAKE THAT DATA WIDELY AVAILABLE TO THE PUBLIC. BETTER HEALTH WABASH VALLEY NOW HAS ADDITIONAL SUPPORTING MEMBERS INCLUDING SULLIVAN COUNTY COMMUNITY HOSPITAL, HAMILTON CENTER AND UNITED WAY OF THE WABASH VALLEY. THESE ORGANIZATIONS HAVE MADE A FINANCIAL CONTRIBUTION TO BETTER HEALTH WABASH VALLEY. ALL MONIES CONTRIBUTED TO BETTER HEALTH WABASH VALLEY GO THROUGH THE TERRE HAUTE CHAMBER OF COMMERCE FOUNDATION WHICH IS A 501C3 ORGANIZATION. BETTER HEALTH WABASH VALLEY'S MISSION IS TO IMPROVE THE OVERALL HEALTH OF THE COMMUNITY WHILE MAKING THE WABASH VALLEY A HEALTHIER COMMUNITY TO LIVE, WORK AND PLAY. BETTER HEALTH WABASH VALLEY IS REPRESENTED BY SEVERAL DIFFERENT ORGANIZATIONS IN THE COMMUNITY INCLUDING, HEALTHCARE AND MENTAL HEALTH ORGANIZATIONS, SCHOOL CORPORATIONS, UNIVERSITIES, NOT-FOR-PROFITS AND BUSINESSES. UNION HOSPITAL WILL REMAIN HEAVILY INVOLVED AND COMMITTED TO THE BETTER HEALTH WABASH VALLEY INITIATIVE OVER THE NEXT SEVERAL YEARS. AS EMPLOYERS IN THE WABASH VALLEY LOOK FOR WAYS TO KEEP HEALTH INSURANCE CLAIMS AT A MINIMUM WE WILL WORK WITH THEM ON EMPLOYEE WELLNESS STRATEGIES, ADDITIONALLY WE WILL ASSIST IN PROGRAM DEVELOPMENT THAT COULD BE IMPLEMENTED ON AN ORGANIZATIONAL LEVEL AT LITTLE TO NO COST TO THE EMPLOYER. AN EXAMPLE OF THIS MIGHT BE PROVIDING MATERIALS OR ONLINE RESOURCES FOR A WALKING PROGRAM. BETTER HEALTH WABASH VALLEY AND ITS MEMBERS HAVE DECIDED TO FOCUS ON CARDIOVASCULAR DISEASE, OBESITY AND CHILDHOOD OBESITY AS TOP ISSUES THAT THEY WILL FOCUS ON OVER THE NEXT THREE YEARS. |

| Identifier | ReturnReference  | Explanation   |
|------------|--|---|
|            | SCHEDULE H, PART VI, LINE 5<br>VERMILLION PARKE COMMUNITY<br>HEALTH CENTER | VERMILLION PARKE COMMUNITY HEALTH CENTER<br>MOBILE SCHOOL BASED HEALTH UNIT THE PURPOSE AND<br>GOAL OF VPCHC'S SCHOOL-BASED CAPITAL GRANT<br>PROJECT IS TO CREATE A COLLABORATIVE<br>PARTNERSHIP BETWEEN VPCHC AND THE FIVE SCHOOL<br>CORPORATIONS LOCATED IN PARKE AND VERMILLION<br>COUNTIES, TO HELP CHILDREN STAY IN SCHOOL BY<br>IDENTIFYING AND ADDRESSING HEALTH PROBLEMS THAT<br>MAY INTERFERE IN THE LEARNING PROCESS THE MSBHC<br>WILL DELIVER A COMBINATION OF PRIMARY HEALTH AND<br>A VARIETY OF OTHER HEALTH-RELATED SERVICES TO<br>THE CHILDREN ATTENDING THESE SCHOOLS OTHER<br>PRIMARY GOALS OF THE MSBHC INCLUDE -IMPROVE<br>ACCESS TO COMPREHENSIVE, QUALITY HEALTH CARE<br>SERVICES BY PROVIDING A CONVENIENT RESOURCE FOR<br>STUDENTS TO GAIN ACCESS TO THE HEALTH CARE<br>SYSTEM, AS WELL AS A SOURCE FOR ONGOING CARE FOR<br>SCHOOL-AGE CHILDREN -REDUCE THE PERCENTAGE OF<br>SCHOOL-AGE CHILDREN WHO ARE UNABLE TO OBTAIN<br>OR DELAYED IN OBTAINING NECESSARY MEDICAL CARE -<br>IMPLEMENT EVIDENCE-BASED CLINICAL SERVICES<br>THROUGH THE HIGHLY-TRAINED STAFF OF VPCHC,<br>ALONG WITH OTHER COMMUNITY PARTNERS -PROVIDE<br>TRAINING OPPORTUNITIES FOR STUDENTS ENROLLED IN<br>COURSES GEARED TOWARD THE DELIVERY OF HEALTH<br>AND HUMAN SERVICES, AND TO -CREATE A QUALIFIED<br>LOCAL HEALTHCARE WORKFORCE |

| Identifier | ReturnReference | Explanation   |
|------------|-----------------|---|
|            |                 | PART VI, LINE 6 THE ORGANIZATION IS PART OF AN AFFILATED HEALTH CARE SYSTEM TO PROVIDE VISION AND STRATEGIC DIRECTION IN THE FORMATION OF A REGIONAL HEALTH CARE SYSTEM TO EXPAND AND IMPROVE THE DELIVERY OF HEALTH CARE SERVCIES IN ORDER TO MEET THE HEALTH CARE NEEDS OF RESIDENTS IN THE SYSTEM'S SERVICE AREA |

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



## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 35-0876396  
**Name:** UNION HOSPITAL INC

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

[illegible]

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
UNION HOSPITAL INC

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

Employer identification number  
35-0876396

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. 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) VIGO COUNTY SCHOOL CORPORATIONPO BOX 3703 TERRE HAUTE,IN 47803 | 35-6007261 | N/A                                | 29,000                   |                                   |   |  | GENERAL DONATION                   |
| (2) TERRE HAUTE SYMPHONY25 N 6TH STREET TERRE HAUTE,IN 47807       | 35-0868182 | 501C3                              | 5,000                    |                                   |   |  | GENERAL DONATION                   |
| (3) MARION UNIVERSITY 3200 COLD SPRING RD INDIANAPOLIS,IN 46222    | 35-0868175 | 501C3                              | 20,000                   |                                   |   |  | MAKE HISTORY PLEDGE                |
| (4) YMCA OF TERRE HAUTE 951 DRESSER DR TERRE HAUTE,IN 47807        | 35-0868217 | 501C3                              | 10,000                   |                                   |   |  | RESTORE THE YMCA BUILDING          |
| (5) TERRE HAUTE CROW COMMITTEEPO BOX 3688 TERRE HAUTE,IN 47803     | 27-3875936 | 501C3                              | 5,000                    |                                   |   |  | GENERAL DONATION                   |
| (6) VIGO COUNTY SHERIFF 201 CHERRY ST TERRE HAUTE,IN 47807         |            | N/A                                | 9,103                    |                                   |   |  | GENERAL DONATION                   |
|  |            |                                    |                          |                                   |   |  |                                    |
|  |            |                                    |                          |                                   |   |  |                                    |
|  |            |                                    |                          |                                   |   |  |                                    |
|  |            |                                    |                          |                                   |   |  |                                    |
|  |            |                                    |                          |                                   |   |  |                                    |
|  |            |                                    |                          |                                   |   |  |                                    |
|  |            |                                    |                          |                                   |   |  |                                    |

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 . . . . .

2

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 |
|--------------------------------|-------------------------|-------------------------|----------------------------------|--|---------------------------------------|
| (1) SCHOLARSHIPS               | 7                       | 31,640                  |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |

Part IV

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

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

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  
UNION HOSPITAL INC

Employer identification number  
  
35-0876396

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"/> Housing allowance or residence for personal use</div></div> <div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div></div> <div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div></div> <div><div><input type="checkbox"/> Discretionary spending account</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   |     |    |
| 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?  | 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 checked="" type="checkbox"/> Written employment contract</div></div> <div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div></div> <div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" 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?   |     | No |
| b  | Participate in, or receive payment from, a supplemental nonqualified retirement plan?   |     | No |
| c  | Participate in, or receive payment from, an equity-based compensation arrangement?  |     | 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?   |     | No |
| b  | Any related organization?   |     | 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?   |     | No |
| b  | Any related organization?   |     | 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  | Yes |    |
| 8  | Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III  |     | No |
| 9  | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?  |     |    |

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

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

| (A) Name              |      | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                                     | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|-----------------------|------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|--|
|                       |      | (i) Base compensation                              | (ii) Bonus & incentive compensation | (iii) Other reportable compensation |  |                         |                                 |  |
| (1) SCOTT TEFFETELLER | (i)  | 379,760  | 0                                   | 12,431                              | 8,320  | 23,780                  | 424,291                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (2) WAYNE HUTSON      | (i)  | 222,431  | 0                                   | -1,052                              | 13,509   | 8,494                   | 243,382                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (3) KYM PFRANK        | (i)  | 154,796  | 0                                   | 72,723                              | 13,392   | 16,241                  | 257,152                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (4) SALLY ZUEL        | (i)  | 147,011  | 0                                   | 31,428                              | 10,441   | 9,121                   | 198,001                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (5) RAMESH TANK       | (i)  | 428,279  | 0                                   | 516,198                             | 9,800  | 24,051                  | 978,328                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (6) LINGAN SIDDA      | (i)  | 454,423  | 0                                   | 456,471                             | 11,025   | 17,806                  | 939,725                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (7) SANJAY PATHAK     | (i)  | 425,000  | 0                                   | 416,930                             | 11,025   | 26,315                  | 879,270                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (8) NABIL MNAYARJI    | (i)  | 700,000  | 0                                   | 132,987                             | 9,800  | 5,148                   | 847,935                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (9) RITA TATANI       | (i)  | 433,183  | 0                                   | 360,055                             | 9,800  | 4,449                   | 807,487                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
| (10) DAVID DOERR      | (i)  | 304,230  | 0                                   | 43,636                              | 15,925   | 25,280                  | 389,071                         | 0  |
|                       | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0  |
|                       | (i)  |  |                                     |                                     |  |                         |                                 |  |
|                       | (ii) |  |                                     |                                     |  |                         |                                 |  |
|                       | (i)  |  |                                     |                                     |  |                         |                                 |  |
|                       | (ii) |  |                                     |                                     |  |                         |                                 |  |
|                       | (i)  |  |                                     |                                     |  |                         |                                 |  |
|                       | (ii) |  |                                     |                                     |  |                         |                                 |  |
|                       | (i)  |  |                                     |                                     |  |                         |                                 |  |
|                       | (ii) |  |                                     |                                     |  |                         |                                 |  |

Part III

Supplemental Information

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

| Identifier               | Return Reference | Explanation  |
|--------------------------|------------------|--|
|                          | PART I, LINE 7   | THE ORGANIZATION PROVIDES NON-FIXED PAYMENTS TO SEVERAL INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A. THESE NON-FIXED PAYMENTS ARE BASED ON THE ORGANIZATION'S ABILITY TO PAY AND ARE NOT CONSTRUED AS A CONTRACT BETWEEN UNION AND ITS EXECUTIVES. THE EXECUTIVE BONUS PLAN IS A MIXTURE OF OBJECTIVES, STANDARDS AND SUBJECTIVE STANDARDS THAT BOTH THE POLICY AND THE IMPLEMENTATION OF THE POLICY BY THE PERSONNEL COMMITTEE AND THE BOARD OF DIRECTORS APPROVES AND AWARDS DEPENDING ON UNION'S ABILITY TO PAY. THERE IS NO AUTOMATIC RIGHT TO A BONUS OR A SPECIFIC BONUS AMOUNT EVEN IF ALL CRITERIA ARE MET. THE PERFORMANCE MEASURE PLAN IS LINKED TO THE UNION STRATEGIC AND FISCAL-YEAR BUSINESS PLANNING PROCESS. THE PLAN IS INTENDED TO FOCUS PARTICIPANTS' ATTENTION ON MISSION-CRITICAL GOALS AND KEY STRATEGIC PRIORITIES. THE PLAN IS ALSO INTENDED TO ENHANCE THE PERFORMANCE OF UNION EXECUTIVES AND THE ORGANIZATION. PRIOR TO THE START OF THE FISCAL YEAR AND AS PART OF THE BUSINESS PLANNING PROCESS, THE UNION PRESIDENT AND CEO WILL FINALIZE A LIST OF GOALS, WEIGHTS AND MEASURES TO BE USED TO ASSESS PERFORMANCE DURING THE FISCAL YEAR. THE LIST IS PRESENTED TO AND DISCUSSED WITH THE COMMITTEE. THE COMMITTEE REVIEWS AND APPROVES THE BONUS PLAN GOALS, WEIGHTS, AND MEASURES. ORGANIZATION GOALS WILL BE ASSIGNED TO EACH PARTICIPANT. HOSPITAL-WIDE, IN ADDITION TO HOSPITAL-WIDE GOALS, INDIVIDUAL AND/OR FUNCTIONAL/DEPARTMENT GOALS MAY OR MAY NOT BE INCLUDED. AFTER THE CONCLUSION OF EACH FISCAL YEAR, THE PRESIDENT AND CEO WILL PREPARE AN ANNUAL BONUS PLAN REPORT FOR THE COMMITTEE. THE REPORT CONTAINS AN APPRAISAL OF UNION AND HOSPITAL/OPERATING UNIT PERFORMANCE DURING THE RECENTLY-COMPLETED FISCAL YEAR, AND THE PRESIDENT AND CEO'S RECOMMENDED PAYOUT FOR EACH PLAN PARTICIPANT. THE BONUS RECOMMENDATIONS FOR ALL SR MANAGEMENT ARE RECEIVED AND REVIEWED FIRST BY THE PERSONNEL COMMITTEE WHO THEN MAKE DECISIONS AND SUBMITS TO THE BOARD TO VOTE. THE COMMITTEE WILL DETERMINE AND SUBMIT THE PAYOUT FOR THE PRESIDENT AND CEO TO THE BOARD OF DIRECTORS WHO, ABSENT THE PRESIDENT AND CEO, WILL VOTE ON APPROVAL. AWARD DETERMINATIONS ARE CALCULATED AS PERCENTAGES OF PARTICIPANT'S SALARIES PAID FOR TIME WORKED DURING THE FISCAL YEAR. PAYOUT FOR THE PRESIDENT IS 0% TO 30%, CFO AND COO ARE 0% TO 25%, AND OTHER EXECUTIVES ARE 0% TO 20%. THE EXECUTIVE BONUS PLAN PAYOUTS ARE TO BE PAID WHEN DETERMINED BY THE PERSONNEL COMMITTEE, SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS. |
| SUPPLEMENTAL INFORMATION | PART III         | PART II, COLUMN (B)(III) - THE HOSPITAL PROVIDES SPLIT DOLLAR LIFE INSURANCE POLICIES TO CERTAIN OFFICERS, DIRECTORS, KEY EMPLOYEES AND HIGHEST COMPENSATED EMPLOYEES. FOR THE TAX YEAR 2012 THE FOLLOWING PAYMENTS WERE MADE TO PARTICIPATE IN THE POLICY AND ARE RECORDED AS NEGATIVE AMOUNT IN THE OTHER REPORTABLE COMPENSATION COLUMN (III): (2) WAYNE HUTSON \$33,460 (4) SALLY ZUEL \$14,622 (5) RAMESH TANK \$14,199 (6) LINGAN SIDDA \$13,891 (7) SANJAY PATHAK \$14,298 (8) NABIL MNAYARJI \$24,592 (10) DAVID DOEER \$13,650.   |

|  |  |  |  |  |  |  |  |  |  |  |                  |                           |
|--|--|--|--|--|--|--|--|--|--|--|------------------|---------------------------|
| Schedule K<br>(Form 990)                       | Supplemental Information on Tax Exempt Bonds<br>▶ 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).<br>▶ Attach to Form 990. ▶ See separate instructions. |  |  |  |  |  |  |  |  |  | OMB No 1545-0047 |                           |
|  |  |  |  |  |  |  |  |  |  |  | 2011             |                           |
|  | Department of the Treasury<br>Internal Revenue Service   |  |  |  |  |  |  |  |  |  |                  | Open to Public Inspection |
| Name of the organization<br>UNION HOSPITAL INC |  |  |  |  |  |  |  |  |  | Employer identification number<br>35-0876396 |                  |                           |

Part I

Bond Issues

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

Part II

Proceeds

|    |  | A           |    | B          |    | C   |    | D   |    |
|----|--|-------------|----|------------|----|-----|----|-----|----|
| 1  | Amount of bonds retired  |             |    |            |    |     |    |     |    |
| 2  | Amount of bonds defeased   |             |    |            |    |     |    |     |    |
| 3  | Total proceeds of issue  | 176,052,475 |    | 53,989,054 |    |     |    |     |    |
| 4  | Gross proceeds in reserve funds  | 15,716,590  |    | 5,504,000  |    |     |    |     |    |
| 5  | Capitalized interest from proceeds   |             |    | 1,669,896  |    |     |    |     |    |
| 6  | Proceeds in refunding escrow   |             |    |            |    |     |    |     |    |
| 7  | Issuance costs from proceeds   | 2,151,525   |    | 1,078,426  |    |     |    |     |    |
| 8  | Credit enhancement from proceeds   |             |    |            |    |     |    |     |    |
| 9  | Working capital expenditures from proceeds   |             |    |            |    |     |    |     |    |
| 10 | Capital expenditures from proceeds   | 158,184,360 |    | 17,009,396 |    |     |    |     |    |
| 11 | Other spent proceeds   |             |    | 30,397,232 |    |     |    |     |    |
| 12 | Other unspent proceeds   |             |    |            |    |     |    |     |    |
| 13 | Year of substantial completion   | 2010        |    |            |    |     |    |     |    |
|    |  | Yes         | No | Yes        | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue?  |             | X  | X          |    |     |    |     |    |
| 15 | Were the bonds issued as part of an advance refunding issue?   |             | X  |            | X  |     |    |     |    |
| 16 | Has the final allocation of proceeds been made?  | X           |    |            | X  |     |    |     |    |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X           |    | X          |    |     |    |     |    |

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

|    |  | A   |    | B   |    | C   |    | D   |    |
|----|--|-----|----|-----|----|-----|----|-----|----|
|    |  | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use?   | X   |    | X   |    |     |    |     |    |
| b  | 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?   | X   |    | X   |    |     |    |     |    |
| 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   |     |    |     |    |     |    |     |    |
| c  | Term of GIC  |     |    |     |    |     |    |     |    |
| d  | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?  |     |    |     |    |     |    |     |    |
| 5  | Were any gross proceeds invested beyond an available temporary period?   |     | X  |     | X  |     |    |     |    |
| 6  | Did the bond issue qualify for an exception to rebate?   |     | X  |     | X  |     |    |     |    |

Part V

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



Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I

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

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

| 1 | (a) Name of disqualified person | (b) Description of transaction | (c)<br>Corrected? |    |
|---|---------------------------------|--------------------------------|-------------------|----|
|   |                                 |                                | Yes               | No |
|   |                                 |                                |                   |    |
|   |                                 |                                |                   |    |
|   |                                 |                                |                   |    |
|   |                                 |                                |                   |    |
|   |                                 |                                |                   |    |
|   |                                 |                                |                   |    |

2

Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . .

\$

3

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

\$

Part II

Loans to and/or From Interested Persons.

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

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

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? |    |
|-------------------------------|---|---------------------------|--------------------------------|---|----|
|                               |   |                           |                                | Yes                                     | No |
| (1) FOREST SHERER INC         | SEE PART V BELOW  | 781,772                   | SEE PART V                     |   | No |
| (2) AP&S CLINIC NORTH SIDE    | SEE PART V BELOW  | 2,406,800                 | SEE PART V                     |   | No |
| (3) BUNCH NURSERIES INC       | SEE PART V BELOW  | 80,128                    | SEE PART V                     |   | No |
|                               |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |
|                               |   |                           |                                |   |    |

Part V Supplemental Information

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

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

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public  
Inspection

|  |  |
|--|--|
| Name of the organization<br>UNION HOSPITAL INC | Employer identification number<br>35-0876396 |
|--|--|

| Identifier                     | Return Reference                    | Explanation  |
|--------------------------------|-------------------------------------|--|
| ORGANIZATION MISSION STATEMENT | FORM 990, PART I, DOING BUSINESS AS | CARDIAC REHAB GROUP OF UNION HOSPITAL CLARA FAIRBANKS CENTER FOR WOMEN CLAY CITY CENTER FOR FAMILY MEDICINE HEARTLAND MIDWIVES HUX CANCER CENTER RICHARD G LUGAR CENTER FOR RURAL HEALTH UH REGISTERED DIETITIAN GROUP UNION CENTER FOR JOINT REPLACEMENT UNION CENTER FOR SPORTS MEDICINE UNION HOSPITAL CLINTON UNION HOSPITAL CLINTON WESTERN INDIANA RURAL MEDICINE UNION HOSPITAL CVT/NEURO GROUP UNION HOSPITAL FAMILY MEDICINE CENTER UNION HOSPITAL HEALTH GROUP UNION HOSPITAL HUX HEART CENTER UNION HOSPITAL MEDICAL GROUP UNION HOSPITAL NEUROSCIENCE UNION HOSPITAL TERRE HAUTE UNION HOSPITALISTS GROUP WABASH VALLEY SURGERY CENTER WEST CENTRAL COMMUNITY HOSPITAL |

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

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

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

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

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



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

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

| Identifier                             | Return Reference          | Explanation   |
|--|---------------------------|---|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED GAINS ON INVESTMENTS 845,821 CHANGE IN PERMANETLY RESTRICTED NET ASSETS 17,913 CHANGE IN PENSION LIABILITY -307,884 TRANSFER TO RELATED PARTY -12,071,545 CHANGE IN INVESTMENT IN IHRRRG 1,541,257 TOTAL TO FORM 990, PART XI, LINE 5 -9,974,438 |

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

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I

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

| (a)<br>Name, address, and EIN of disregarded entity  | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>Direct controlling entity |
|--|-------------------------|--|---------------------|---------------------------|----------------------------------|
| (1) IPACS INC<br>1606 N SEVENTH ST<br>TERRE HAUTE, IN 47804<br>35-1720998                              | CLINIC MANAGEMENT       | IN   | 262,677             | 2,326,853                 | UNION HOSPITAL                   |
| (2) UNION ASSOCIATED PHYSICIANS CLINIC INC<br>1606 N SEVENTH ST<br>TERRE HAUTE, IN 47804<br>27-0581401 | PHYSICIAN GROUP         | IN   | 5,715,773           | 16,582,905                | UNION HEALTH SYSTEM              |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |

Part II

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

| (a)<br>Name, address, and EIN of related organization  | (b)<br>Primary activity      | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled organization |    |
|--|------------------------------|--|----------------------------|---|----------------------------------|---|----|
|  |                              |  |                            |   |                                  | Yes   | No |
| (1) UNION HEALTH SYSTEMS<br><br>1606 N SEVENTH ST<br><br>TERRE HAUTE, IN 47804<br>27-0581133               | MANAGEMENT ORGANIZATION      | IN   | 501(C)(3)                  | LINE 11B, II  | N/A                              |   | No |
| (2) CENTER FOR OCCUPATIONAL HEALTH<br><br>4001 WABASH AVE<br><br>TERRE HAUTE, IN 47803<br>35-2118417       | OCCUPATIONAL HEALTH SERVICES | IN   | 501(C)(3)                  | LINE 7  | UNION HOSPITAL                   | Yes   |    |
| (3) UNION HOSPITAL HEALTH SERVICES INC<br><br>1606 N SEVENTH ST<br><br>TERRE HAUTE, IN 47804<br>35-1642805 | HEALTH SERVICES              | IN   | 501(C)(3)                  | LINE 9  | UNION HOSPITAL                   | Yes   |    |
| (4) UNION HOSPITAL FOUNDATION<br><br>1659 N SEVENTH ST<br><br>TERRE HAUTE, IN 47804<br>35-1642823          | FUNDRAISING                  | IN   | 501(C)(3)                  | LINE 11C, III-FI                                    | UNION HOSPITAL                   | 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)<br>Name, address, and EIN of<br>related organization | (b)<br>Primary activity | (c)<br>Legal<br>domicile<br>(state or<br>foreign<br>country) | (d)<br>Direct controlling<br>entity | (e)<br>Predominant income<br>(related, unrelated,<br>excluded from tax<br>under sections 512-<br>514) | (f)<br>Share of total<br>income | (g)<br>Share of end-of-<br>year<br>assets | (h)<br>Disproportionate<br>allocations? |    | (i)<br>Code V—UBI<br>amount in box 20 of<br>Schedule K-1<br>(Form 1065) | (j)<br>General or<br>managing<br>partner? |    | (k)<br>Percentage<br>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)<br>Name, address, and EIN of related organization | (b)<br>Primary activity | (c)<br>Legal domicile<br>(state or<br>foreign<br>country) | (d)<br>Direct controlling<br>entity | (e)<br>Type of entity<br>(C corp, S corp,<br>or trust) | (f)<br>Share of total<br>income | (g)<br>Share of<br>end-of-year<br>assets | (h)<br>Percentage<br>ownership |
|---|-------------------------|---|-------------------------------------|--|---------------------------------|--|--------------------------------|
|   |                         |   |                                     |  |                                 |  |                                |
|   |                         |   |                                     |  |                                 |  |                                |
|   |                         |   |                                     |  |                                 |  |                                |
|   |                         |   |                                     |  |                                 |  |                                |
|   |                         |   |                                     |  |                                 |  |                                |
|   |                         |   |                                     |  |                                 |  |                                |
|   |                         |   |                                     |  |                                 |  |                                |

Part V

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

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

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

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

b Gift, grant, or capital contribution to 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 Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h No

1i Yes

1j No

1k Yes

1l No

1m No

1n Yes

1o No

1p Yes

1q No

1r Yes

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

| (a)<br>Name of other organization | (b)<br>Transaction<br>type(a-r) | (c)<br>Amount involved | (d)<br>Method of determining amount<br>involved |
|-----------------------------------|---------------------------------|------------------------|---|
| (1) UNION HOSPITAL FOUNDATION     | R                               | 1,518,991              |   |
| (2)                               |                                 |                        |   |
| (3)                               |                                 |                        |   |
| (4)                               |                                 |                        |   |
| (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 |  |
|------------|------------------|-------------|--|
|------------|------------------|-------------|--|



**UNION HOSPITAL INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2012 AND 2011**

*CPA ADVISORS*



# UNION HOSPITAL INC. AND SUBSIDIARIES

## TABLE OF CONTENTS AUGUST 31, 2012 AND 2011

---

|   | Page |
|---|------|
| <b>Report of Independent Auditors</b>   | 1    |
| <b>Financial Statements</b>   |      |
| Consolidated Balance Sheets   | 3    |
| Consolidated Statements of Operations and Changes in Net Assets   | 5    |
| Consolidated Statements of Cash Flows   | 6    |
| Notes to Consolidated Financial Statements  | 7    |
| <b>Supplementary Information</b>  |      |
| Consolidating Balance Sheets - 2012   | 35   |
| Consolidating Balance Sheets - 2011   | 37   |
| Consolidating Statements of Operations – 2012   | 39   |
| Consolidating Statements of Operations – 2011   | 40   |
| Schedule of Expenditures of Federal Awards – Year Ended August 31, 2012   | 41   |
| <b>Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b> | 42   |
| <b>Report of Independent Auditors on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</b>      | 44   |
| <b>Schedule of Findings and Questioned Costs – Year Ended August 31, 2012</b>   | 46   |

---



Union Health System, Inc.  
3150 N. 47th Street, Suite 100  
Terre Haute, Indiana 47601

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Union Hospital  
Terre Haute, Indiana

We have audited the accompanying consolidated balance sheets of Union Hospital, Inc. and Subsidiaries (the Corporation) as of August 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Guidelines for Examinations of Entities Receiving Financial Assistance from Governmental Sources, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation as of August 31, 2012 and 2011 and its consolidated results of operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of the Corporation. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Blue & Co., LLC*

November 13, 2012

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AUGUST 31, 2012 AND 2011

| <b>ASSETS</b>  |                |                |
|--|----------------|----------------|
|  | 2012           | 2011           |
| <b>Current assets</b>                                      |                |                |
| Cash and cash equivalents                                  | \$ 33,232,355  | \$ 30,851,734  |
| Funds held by trustee, current portion                     | 9,357,980      | 9,495,137      |
| Board designated funds, current portion                    | 11,931,261     | 1,920,497      |
| Patient accounts receivable, net                           | 51,218,192     | 49,370,995     |
| Other receivables  | 26,765         | 103,332        |
| Estimated third party settlements                          | -0-            | 610,058        |
| Inventories  | 4,361,427      | 4,386,794      |
| Prepaid expenses and other current assets                  | 4,249,478      | 4,366,387      |
| Total current assets                                       | 114,377,458    | 101,104,934    |
| <b>Investments limited as to use, less current portion</b> |                |                |
| Funds held by trustee                                      | 24,270,756     | 35,640,930     |
| Board designated funds                                     | 31,448,900     | 23,082,881     |
| Permanently restricted                                     | 976,358        | 958,445        |
| Total investments limited as to use                        | 56,696,014     | 59,682,256     |
| <b>Property and equipment</b>                              |                |                |
| Land and improvements                                      | 37,291,582     | 36,075,662     |
| Buildings and fixed equipment                              | 314,488,563    | 303,802,717    |
| Movable equipment  | 119,468,982    | 108,778,840    |
|  | 471,249,127    | 448,657,219    |
| Less allowances for depreciation                           | 191,837,773    | 170,172,589    |
|  | 279,411,354    | 278,484,630    |
| Construction in progress                                   | 16,123,962     | 11,882,607     |
| Total property and equipment, net                          | 295,535,316    | 290,367,237    |
| <b>Other assets</b>  |                |                |
| Due from Union Hospital Foundation, Inc                    | 4,495,347      | 5,334,560      |
| Deferred financing costs, net                              | 3,090,878      | 3,260,902      |
| Intangible assets, net                                     | 5,982,856      | 4,651,848      |
| Other assets   | 1,876,586      | 350,488        |
|  | 15,445,667     | 13,597,798     |
| <b>Total assets</b>  | \$ 482,054,455 | \$ 464,752,225 |

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AUGUST 31, 2012 AND 2011

### LIABILITIES AND NET ASSETS

|  | 2012           | 2011           |
|--|----------------|----------------|
| <b>Current liabilities</b>                     |                |                |
| Accounts payable and other current liabilities | \$ 22,725,206  | \$ 20,963,832  |
| Salaries, wages and related liabilities        | 19,782,599     | 17,219,558     |
| Accrued interest                               | 7,842,998      | 7,870,134      |
| Estimated third party settlements              | 3,073,530      | -0-            |
| Current portion of long-term debt              | 3,476,124      | 4,199,893      |
| Total current liabilities                      | 56,900,457     | 50,253,417     |
| <b>Long-term liabilities</b>                   |                |                |
| Long-term debt, less current portion           | 271,498,185    | 274,379,897    |
| Deferred revenue                               | 301,122        | 401,447        |
| Pension liability                              | 3,420,210      | 10,216,562     |
| Other long-term liabilities                    | 5,313,254      | 2,174,649      |
| Total long-term liabilities                    | 280,532,771    | 287,172,555    |
| Total liabilities                              | 337,433,228    | 337,425,972    |
| <b>Net assets</b>                              |                |                |
| Unrestricted                                   | 139,069,623    | 121,024,721    |
| Temporarily restricted                         | 4,575,246      | 5,343,087      |
| Permanently restricted                         | 976,358        | 958,445        |
| Total net assets                               | 144,621,227    | 127,326,253    |
| Total liabilities and net assets               | \$ 482,054,455 | \$ 464,752,225 |

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED AUGUST 31, 2012 AND 2011

|  | 2012           | 2011           |
|--|----------------|----------------|
| <b>Operating revenue</b>   |                |                |
| Net patient service revenue (net of contractual allowances and discounts including charity care provisions of \$38,737,421 and \$33,138,608, respectively) | \$ 462,535,259 | \$ 413,944,492 |
| Provision for bad debts  | (41,305,687)   | (41,961,395)   |
| Net patient service revenue less provision for bad debts   | 421,229,572    | 371,983,097    |
| Other revenue  | 8,984,417      | 9,096,654      |
| Total operating revenue  | 430,213,989    | 381,079,751    |
| <b>Operating expenses</b>  |                |                |
| Salaries and wages   | 126,244,707    | 117,447,940    |
| Employee benefits  | 27,386,336     | 27,981,720     |
| Supplies and drugs   | 67,547,992     | 70,190,917     |
| Physician services   | 10,742,853     | 10,360,628     |
| Contract services  | 63,669,047     | 64,761,624     |
| Rent and leases  | 12,068,132     | 11,725,759     |
| Utilities, supplies, and other   | 38,867,921     | 33,540,280     |
| Hospital assessment fee  | 17,902,630     | -0-            |
| Depreciation and amortization  | 24,499,566     | 24,960,978     |
| Interest   | 14,902,184     | 13,922,753     |
| Total operating expenses   | 403,831,368    | 374,892,599    |
| Income from operations before special charge   | 26,382,621     | 6,187,152      |
| <b>Special charge on early retirement</b>  | -0-            | (7,250,873)    |
| Income from operations after special charge  | 26,382,621     | (1,063,721)    |
| <b>Non-operating gains (losses)</b>  |                |                |
| Investment income  | 583,708        | 589,620        |
| Other  | 1,452,434      | 10,940         |
| Total non-operating gains  | 2,036,142      | 600,560        |
| Excess of revenue over (under) expenses  | 28,418,763     | (463,161)      |
| <b>Other changes in unrestricted net assets</b>  |                |                |
| Pension related changes other than net pension cost  | (307,884)      | 3,085,712      |
| Net unrealized gain on investments   | 845,821        | 739,114        |
| Net assets released for property and equipment   | 1,159,747      | 1,822,200      |
| Transfers to Union Health System   | (12,071,545)   | (12,062,285)   |
| Change in unrestricted net assets  | 18,044,902     | (6,878,420)    |
| <b>Temporarily restricted net assets</b>   |                |                |
| Other changes in receivable from Union Hospital Foundation, Inc  | 391,906        | 381,873        |
| Net assets released for property and equipment   | (1,159,747)    | (1,822,200)    |
| Change in temporarily restricted net assets  | (767,841)      | (1,440,327)    |
| <b>Permanently restricted net assets</b>   |                |                |
| Net investment income  | 17,913         | 11,949         |
| Change in net assets   | 17,294,974     | (8,306,798)    |
| <b>Net assets</b>  |                |                |
| Beginning of year  | 127,326,253    | 135,633,051    |
| End of year  | \$ 144,621,227 | \$ 127,326,253 |

See accompanying notes to consolidated financial statements



# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2012 AND 2011

|  | 2012          | 2011           |
|--|---------------|----------------|
| <b>Operating activities</b>  |               |                |
| Change in net assets   | \$ 17,294,974 | \$ (8,306,798) |
| Adjustments to reconcile change in net assets<br>to net cash flows from operating activities |               |                |
| Depreciation   | 21,958,692    | 22,959,367     |
| Amortization   | 2,540,874     | 2,001,611      |
| Provision for bad debts  | 41,305,687    | 41,961,395     |
| Transfers to Union Health System   | 12,071,545    | 12,062,285     |
| Loss on property disposals   | 73,927        | 89,712         |
| Other changes in receivable from Union Hospital Foundation, Inc                              | (391,906)     | (381,873)      |
| Net unrealized gain on investments   | (845,821)     | (739,114)      |
| Pension related changes other than net periodic pension cost                                 | 307,884       | (3,085,712)    |
| Changes in operating assets and liabilities  |               |                |
| Patient accounts receivable  | (43,152,884)  | (41,580,678)   |
| Other current and noncurrent assets  | (3,269,900)   | 544,296        |
| Accounts payable and other current liabilities   | 805,374       | (1,492,740)    |
| Salaries, wages and related liabilities  | 2,563,041     | 1,459,684      |
| Other long-term liabilities  | (3,965,631)   | 905,998        |
| Estimated third-party payor settlements  | 3,683,588     | 1,839,465      |
| Accrued interest   | (27,136)      | 2,100,624      |
| Deferred revenue   | (100,325)     | (106,273)      |
| Net cash flows from operating activities   | 50,851,983    | 30,231,249     |
| <b>Investing activities</b>  |               |                |
| Purchases of property and equipment  | (26,296,982)  | (14,462,312)   |
| Proceeds from sale of equipment and land   | 52,284        | 345,581        |
| Payments of intangible asset   | (900,000)     | -0-            |
| Change in trustee held investments   | 11,507,331    | (17,060,747)   |
| Change in board designated funds and other   | (17,548,875)  | 3,962,770      |
| Net cash flows from investing activities   | (33,186,242)  | (27,214,708)   |
| <b>Financing activities</b>  |               |                |
| Repayments on long-term debt   | (3,867,216)   | (36,361,338)   |
| Payment of bond original issue discount  | -0-           | (1,050,947)    |
| Proceeds from long-term debt   | 261,735       | 55,067,659     |
| Other changes in receivable from Union Hospital Foundation, Inc                              | 391,906       | 381,873        |
| Transfers to Union Health System   | (12,071,545)  | (12,062,285)   |
| Net cash flows from financing activities   | (15,285,120)  | 5,974,962      |
| Change in cash and cash equivalents  | 2,380,621     | 8,991,503      |
| <b>Cash and cash equivalents</b>   |               |                |
| Beginning of year  | 30,851,734    | 21,860,231     |
| End of year  | \$ 33,232,355 | \$ 30,851,734  |
| <b>Noncash investing activities</b>  |               |                |
| Issuance of capital leases   | \$ 601,591    | \$ 215,991     |
| Capital acquisitions included in accounts payable  | \$ 956,000    | \$ -0-         |

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### 1. ORGANIZATION

#### Nature of Operations

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

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

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

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

### Charity Care and Community Benefit

Patients are provided care regardless of their ability to pay in accordance with charity care policies of the Corporation. These policies define charity care services as those services for which no or reduced payment is anticipated and are based on federal poverty income levels and certain other factors. Because collection of amounts determined to qualify as charity care is not pursued, such amounts are not reported as revenue. The Corporation's charity care policies also extend to services provided by physicians, although records are not maintained for such services provided by the physicians.

Of the Corporation's total expenses reported (approximately \$403,831,000 and \$374,893,000 during 2012 and 2011, respectively), an estimated \$12,512,000 and \$11,333,000 arose from providing services to charity patients during 2012 and 2011, respectively. The estimated costs of providing patient assistance services are based on a calculation which applies a ratio of costs 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 Corporation's cost-to-charge ratio provided on the Medicare cost reports.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

All significant intercompany balances and transactions have been eliminated in consolidation.

### Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the allowance for estimated uncollectible accounts and estimated third-party payor settlements, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period and could differ from actual results.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### New Accounting Pronouncements

Effective September 1, 2011, the Corporation adopted Accounting Standards Update (ASU) 2010-23, Healthcare Entities (Topic 954) "Measuring Charity Care for Disclosure" which requires certain healthcare entities to disclose the cost of providing charity care. All periods presented have been reclassified to conform to this presentation. The Corporation's adoption of this standard had no net impact on financial position, results of operations, or cash flows. Also ASU 2011-7 "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities", effective for the first annual period ending after December 15, 2012, has been adopted early by the Corporation. This additional requirement of Topic 954 moves the provision for bad debts from an operational expense to a deduction to arrive at net patient service revenue less provision of bad debts. ASU 2010-24 "Presentation of Insurance Claims and Related Insurance Recoveries", effective for fiscal years beginning after December 15, 2010, has been adopted by the Corporation to properly record health insurance claims and any related recoveries separately on the balance sheet.

### Net Patient Service Revenue and Other

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

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

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

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

Management believes that adequate provisions have been made for any adjustments which may result from such final settlements. Differences between prior estimates and subsequent actual settlements are immaterial to these financial statements for 2012 and 2011.

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

|                               | 2012                  | 2011                  |
|-------------------------------|-----------------------|-----------------------|
| Inpatient revenue             | \$ 517,090,741        | \$ 505,831,476        |
| Outpatient revenue            | 606,605,537           | 550,762,004           |
| Physician revenue             | 53,626,628            | 43,444,326            |
| Gross patient revenue         | <u>1,177,322,906</u>  | <u>1,100,037,806</u>  |
| Charity care revenue foregone | 38,737,421            | 33,138,608            |
| Bad debt expense              | 41,305,687            | 41,961,395            |
| Contractual adjustments       | 676,050,226           | 652,954,706           |
| Total adjustments             | <u>756,093,334</u>    | <u>728,054,709</u>    |
| Net patient service revenue   | <u>\$ 421,229,572</u> | <u>\$ 371,983,097</u> |

A summary of gross patient service revenue at established rates by payor source for 2012 and 2011, respectively, is as follows:

|                      | 2012        | 2011        |
|----------------------|-------------|-------------|
| Medicare             | 46%         | 47%         |
| Medicaid             | 16%         | 16%         |
| Commercial insurance | 3%          | 3%          |
| Other managed care   | 27%         | 26%         |
| Self-pay and other   | 8%          | 8%          |
|                      | <u>100%</u> | <u>100%</u> |

There is a single insurance provider that constituted 17% of patient service revenue at established rates for the years ended August 31, 2012 and 2011.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### Cash and Cash Equivalents

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

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

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

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

During 2012, the Corporation's allowance for uncollectible accounts stayed consistent at approximately \$19,100,000. As of August 31, 2012, the allowance for uncollectible accounts of \$19,100,000 was comprised of approximately \$11,884,000 reserved for self-pay balances and approximately \$7,204,000 reserved for third-party payor balances. As of August 31, 2011, the allowance for uncollectible accounts of \$19,100,000 was comprised of approximately \$10,433,000 reserved for self-pay balances and approximately \$8,702,000 reserved for third-party payor balances.

The Corporation grants credit to patients, substantially all of whom are local residents of the communities served. The Corporation does not generally require credit or other collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, HMOs, and commercial insurance policies). The Corporation has not changed its charity care or uninsured discount policies during 2012 or 2011.

At August 31, 2012 and 2011, net accounts receivable from patients and third party were comprised of the following:

|                      | <u>2012</u> | <u>2011</u> |
|----------------------|-------------|-------------|
| Medicare             | 32%         | 38%         |
| Medicaid             | 13%         | 10%         |
| Commercial insurance | 7%          | 6%          |
| Other managed care   | 28%         | 34%         |
| Self-pay and other   | 20%         | 12%         |
|                      | <u>100%</u> | <u>100%</u> |

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

### Inventories

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



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### Investments Limited as to Use

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

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

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

### Property and Equipment

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

Equipment under capital lease obligations is amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter. Such amortization is included with depreciation and amortization in the consolidated statements of operations and changes in net assets. Interest cost incurred on borrowed funds during the period of construction and other interest costs are capitalized as a component of the cost of constructing the assets. In addition, interest earnings on unexpended borrowed project funds related to tax-exempt financings are netted against capitalized interest. Net interest costs capitalized approximated \$1,528,000 in 2012 and \$754,000 in 2011. Repair and maintenance costs are expensed when incurred.

---

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

### Intangible Assets

Intangible assets arising from the purchase of physician practices (primarily medical records and non-compete provisions) are carried at cost. Amortization is computed using the straight-line method based on the assets' estimated useful lives.

### Unamortized Debt Issuance Costs

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

### Medical Malpractice Insurance

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

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

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

### Pension Plans

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

### Financial Statement Presentation

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### Net Assets

Temporarily restricted net assets are those assets whose use by the Corporation has been limited by donors primarily for a specified time period or purpose. When a donor restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released for property and equipment. Temporarily restricted net assets include \$4,495,347 and \$5,334,560 of funds held by the Foundation for the benefit of the Corporation at August 31, 2012 and 2011, respectively. Due from Union Hospital Foundation, Inc. represents contributions received on behalf of the Corporation by the Foundation and other amounts the Foundation has granted to the Corporation. Other miscellaneous funds are held as temporarily restricted net assets. Permanently restricted net assets are those that the donor has requested to be held in perpetuity. In accordance with donor stipulations, certain investment income earned on permanently restricted net assets is unrestricted. Accordingly, such income is recorded in the unrestricted net asset class as it is earned.

### Deferred Income

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

### Health Insurance

The Corporation's employee health care insurance is provided through a combination of self-insurance and purchased re-insurance coverage from a commercial carrier. The Corporation maintains an estimated liability for the amount of claims incurred but not reported. Substantially all employees are covered for major medical benefits. The specific annual attachment point for an individual is \$325,000 with a life-time maximum of \$1,200,000. There is no aggregate limit on claims.

### Functional Expenses

The Corporation provides general health care services to patients. Health care services expenses related to providing these services were \$378,268,842 and \$354,910,823 in 2012 and 2011, respectively. Administrative expenses (consisting of support services, employee benefits, patient billing, and other) amounted to \$25,562,526 and \$19,981,776 in 2012 and 2011, respectively.

### Income Taxes

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

---

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of August 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Filings are current through 2011. The impact of the subsidiaries tax consequences is immaterial to these financial statements.

### Operating Indicator

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

### Advertising Costs

Advertising costs are expensed as incurred. Total expense for 2012 and 2011 was \$443,239 and \$504,200, respectively.

### Performance Indicator

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

### Subsequent Events

The Corporation has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is November 13, 2012.

### Reclassifications

Certain amounts in the 2011 consolidated financial statements have been reclassified to conform to the 2012 presentation. These reclassifications had no impact on net assets and changes in net assets for 2011, as previously reported.

---

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### Electronic Health Records (EHR) Incentive Payments

The Corporation receives EHR incentive payments under the Medicare and Medicaid programs. To qualify for the EHR incentive payments, the Corporation must meet "meaningful use" criteria that become more stringent over time. The Corporation periodically submits and attests to its use of certified EHR technology, satisfaction of meaningful use objectives, and various patient data. These submissions generally include performance measures for each annual EHR reporting period (Federal fiscal year ending September 30<sup>th</sup>). The related EHR incentive payments are paid out over a four year transition schedule and are based upon data that is captured in the Corporation's cost reports. The payment calculation is based upon an initial amount as adjusted for discharges, Medicare and Medicaid utilization using inpatient days multiplied by a factor of total charges excluding charity care to total charges, and a transitional factor that ranges from 100% in first payment year and thereby decreasing by 25% each payment year until it is completely phased out in the fifth year.

The Corporation recognizes EHR incentive payments as grant income when there is reasonable assurance that the Corporation will comply with the conditions of the meaningful use objectives and any other specific grant requirements. In addition, the financial statement effects of the grants must be both recognizable and measurable. During 2012 and 2011, the Corporation recognized approximately \$1,200,000 and \$0-, respectively, in EHR incentive payments as grant income using the ratable recognition method. Under the ratable recognition method, the Corporation recognizes income ratably over the entire EHR reporting period when it is reasonably assured at the outset of the EHR reporting period that it will comply with the minimum requirements of the program.

EHR incentive income is included in other revenue in the statement of operations. EHR incentive income recognized is based on management's estimate and amounts are subject to change, with such changes impacting operations in the period the changes occur.

Receipt of these funds is subject to the fulfillment of certain obligations by the Corporation as prescribed by the program, subject to future audits and may be subject to repayment upon a determination of noncompliance.

### 3. AFFILIATED ENTITY AND RELATED PARTY TRANSACTIONS

As part of the affiliation with UHS and UAPC, the Corporation purchased certain intangible assets, including medical records and other assets, from AP&S in the amount of \$7,345,000. The intangible assets are being amortized over 5 years with accumulated amortization of \$4,162,156 and \$2,693,152 at August 31, 2012 and 2011, respectively. The Corporation transferred \$12,071,545 and \$12,062,285 during 2012 and 2011, respectively, to UHS. The arrangement with UHS and UAPC contemplates that the Corporation will continue to transfer approximately \$1,000,000 dollars per month to UHS for on-going operational support to the affiliated group.

---

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

The Corporation purchased the CT and MRI service line of UAPC for \$3,600,000 which is to be paid \$100,000 monthly. As of August 31, 2012, the Corporation has paid \$900,000 under this agreement with a balance remaining of \$2,700,000. This liability is included under other long-term liabilities on the statement of financial position.

The Corporation provided management and other services for the Foundation and other related organizations in the amount of \$495,146 in 2012 and \$646,732 in 2011. At August 31, 2012 and 2011, \$345,706 and \$163,212, respectively, remained unpaid.

The Corporation received approximately \$946,000 and \$1,781,000 in contributions from the Foundation for the years ended August 31, 2012 and 2011, respectively.

The Corporation collaborates with physicians and physician groups including UAPC, to improve the quality of services, eliminate duplication of services, and to improve standards of care by entering into certain contractual agreements. While certain of the agreements are amended and/or terminated from time to time, the Corporation has had agreements for chemotherapy, ambulatory surgery, cardiac catheterization, laboratory, and radiation oncology therapy services. The costs for these services are included in contracted services in the statement of operations totaling \$42,135,993 and \$43,364,312 for August 31, 2012 and 2011, respectively.

### 4. PROPERTY AND EQUIPMENT

A summary of the construction-in-progress projects at August 31, 2012 and 2011 is as follows:

|                                | 2012                 | 2011                 |
|--------------------------------|----------------------|----------------------|
| UH West renovation             | \$ 10,288,768        | \$ 10,478,055        |
| Cardiovascular 1 - West        | 3,404,732            | 137,706              |
| Other renovations and upgrades | 2,430,462            | 1,266,846            |
|                                | <u>\$ 16,123,962</u> | <u>\$ 11,882,607</u> |

The Corporation is in the process of renovating Union West facilities with expected completion during 2013. Commitments for all remaining construction project costs total \$17,645,000 at August 31, 2012.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

### 5. INVESTMENTS

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

|   | 2012                 | 2011                 |
|---|----------------------|----------------------|
| Cash and short-term investments                 | \$ 65,121,340        | \$ 56,499,010        |
| US Government and government agency obligations | 2,564,308            | 5,688,845            |
| Mutual funds                                    | 1,558,769            | 1,421,407            |
| Marketable equity securities                    | 7,619,789            | 6,409,084            |
| Corporate obligations                           | 722,825              | 683,829              |
| Collective trusts                               | 398,224              | 395,715              |
|   | <u>77,985,255</u>    | <u>71,097,890</u>    |
| Less current portion of                         |                      |                      |
| Debt service                                    | 9,357,980            | 9,495,137            |
| Board designated                                | 11,931,261           | 1,920,497            |
|   | <u>\$ 56,696,014</u> | <u>\$ 59,682,256</u> |

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

|  | 2012                | 2011                |
|--|---------------------|---------------------|
| Investment income included with non-operating gains and net investment income on permanently restricted net assets |                     |                     |
| Interest and dividend income   | \$ 601,621          | \$ 601,569          |
| Other changes in net assets  |                     |                     |
| Unrealized appreciation of investments   | 845,821             | 739,114             |
|  | <u>\$ 1,447,442</u> | <u>\$ 1,340,683</u> |

The following schedule summarizes the fair value of securities included in investments by board designated and held by trustee that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of August 31, 2012 and 2011. The schedule further segregates the securities that have been in a gross unrealized position as of August 31, 2012 and 2011, for less than twelve months and those for twelve months or more. The gross unrealized losses of less than twelve months are a reflection of the normal fluctuations of the market and are therefore considered temporary.



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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

The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized losses as of August 31, 2012 and 2011.

| August 31, 2012                       |                     |            |                     |            |              |            |
|---------------------------------------|---------------------|------------|---------------------|------------|--------------|------------|
| Description of securities             | Less than 12 Months |            | 12 Months or Longer |            | Total        |            |
|                                       | Fair Value          | Unrealized | Fair Value          | Unrealized | Fair Value   | Unrealized |
|                                       |                     | Losses     |                     | Losses     |              | Losses     |
| Common Stock                          | \$ 231,072          | \$ 11,408  | \$ 1,282,119        | \$ 218,140 | \$ 1,513,191 | \$ 229,548 |
| Mutual Funds                          | 33,824              | 9,706      | 139,690             | 18,126     | 173,514      | 27,832     |
| Government Obligations                | 199,984             | 16         | -0-                 | -0-        | 199,984      | 16         |
| Certificates of Deposit               | 1,012,630           | 2,781      | -0-                 | -0-        | 1,012,630    | 2,781      |
| Total temporarily impaired securities | \$ 1,477,510        | \$ 23,911  | \$ 1,421,809        | \$ 236,266 | \$ 2,899,319 | \$ 260,177 |

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

## 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's investments are reported at fair value in the accompanying balance sheets. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction, which requires an entity to maximize the use of observable inputs when measuring fair value.

The following provides a description of the three levels of inputs that may be used to measure fair value under the standard, the types of the Corporation's investments that fall under each category and the valuation methodologies used to measure these investments at fair value.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

### Level 1 Fair Value Measurements

Inputs to the valuation methodology are quoted prices available in the active markets for identical investments as of the reporting date

The fair value of marketable equity securities is based on quoted share prices in active markets

The fair value of mutual funds and exchange traded funds is based on quoted net asset values of the shares held by the Corporation at year-end. The net asset value is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The net asset value is quoted in an active market.

### Level 2 Fair Value Measurements

Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and fair value can be determined through the use of models or other valuation methodologies.

The fair value of corporate obligations is based on the expected value of discounted future cash flows from the underlying corporations issuing the obligation.

The fair value of collective trusts are based on the net asset value after adjustments to reflect all fund investments at fair value. The net asset value is quoted on a private market that is not active, however, the unit price is based on the underlying investments that are traded on an active market.

### Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The Corporation does not hold any level 3 investments.

The preceding methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

Assets and liabilities measured at fair value on a recurring basis as of August 31, 2012 and 2011 are as follows

|                                    |    | August 31, 2012   |                      |                     |               |
|------------------------------------|----|-------------------|----------------------|---------------------|---------------|
|                                    |    | Total             | Level 1              | Level 2             | Level 3       |
| Assets whose use is limited        |    |                   |                      |                     |               |
| Common stocks                      |    |                   |                      |                     |               |
| Consumer                           | \$ | 2,734,651         | \$ 2,734,651         | \$ -0-              | \$ -0-        |
| Energy                             |    | 1,608,018         | 1,608,018            | -0-                 | -0-           |
| Financial                          |    | 804,011           | 804,011              | -0-                 | -0-           |
| Healthcare                         |    | 170,694           | 170,694              | -0-                 | -0-           |
| Industrials                        |    | 1,544,916         | 1,544,916            | -0-                 | -0-           |
| Information technology             |    | 694,295           | 694,295              | -0-                 | -0-           |
| Materials                          |    | 63,204            | 63,204               | -0-                 | -0-           |
| Mutual funds                       |    |                   |                      |                     |               |
| Fixed income funds                 |    | 412,244           | 412,244              | -0-                 | -0-           |
| Large cap funds                    |    | 127,760           | 127,760              | -0-                 | -0-           |
| Mid cap funds                      |    | 387,438           | 387,438              | -0-                 | -0-           |
| Small cap funds                    |    | 103,586           | 103,586              | -0-                 | -0-           |
| Sector funds                       |    | 7,909             | 7,909                | -0-                 | -0-           |
| International funds                |    | 234,070           | 234,070              | -0-                 | -0-           |
| Index funds                        |    | 285,762           | 285,762              | -0-                 | -0-           |
| US government obligations          |    | 2,564,308         | 2,564,308            | -0-                 | -0-           |
| Corporate obligations              |    | 722,825           | -0-                  | 722,825             | -0-           |
| Collective trust                   |    | 398,224           | -0-                  | 398,224             | -0-           |
|                                    |    | <u>12,863,915</u> | <u>\$ 11,742,866</u> | <u>\$ 1,121,049</u> | <u>\$ -0-</u> |
| Cash and cash equivalents in AWUIL |    |                   |                      |                     |               |
| Certificates of deposit            |    | 47,812,862        |                      |                     |               |
| Total                              | \$ | <u>77,985,255</u> |                      |                     |               |
|                                    |    | August 31, 2011   |                      |                     |               |
|                                    |    | Total             | Level 1              | Level 2             | Level 3       |
| Assets whose use is limited        |    |                   |                      |                     |               |
| Common stocks                      |    |                   |                      |                     |               |
| Consumer                           | \$ | 2,327,301         | \$ 2,327,301         | \$ -0-              | \$ -0-        |
| Energy                             |    | 1,196,742         | 1,196,742            | -0-                 | -0-           |
| Financial                          |    | 787,440           | 787,440              | -0-                 | -0-           |
| Healthcare                         |    | 135,027           | 135,027              | -0-                 | -0-           |
| Industrials                        |    | 1,323,296         | 1,323,296            | -0-                 | -0-           |
| Information technology             |    | 565,847           | 565,847              | -0-                 | -0-           |
| Materials                          |    | 73,430            | 73,430               | -0-                 | -0-           |
| Mutual funds                       |    |                   |                      |                     |               |
| Government funds                   |    | 286               | 286                  | -0-                 | -0-           |
| Fixed income funds                 |    | 330,867           | 330,867              | -0-                 | -0-           |
| Large cap funds                    |    | 107,129           | 107,129              | -0-                 | -0-           |
| Mid cap funds                      |    | 356,621           | 356,621              | -0-                 | -0-           |
| Small cap funds                    |    | 101,910           | 101,910              | -0-                 | -0-           |
| Sector funds                       |    | 5,312             | 5,312                | -0-                 | -0-           |
| International funds                |    | 253,237           | 253,237              | -0-                 | -0-           |
| Index funds                        |    | 266,046           | 266,046              | -0-                 | -0-           |
| US government obligations          |    | 5,688,845         | 5,688,845            | -0-                 | -0-           |
| Corporate obligations              |    | 683,829           | -0-                  | 683,829             | -0-           |
| Collective trust                   |    | 395,715           | -0-                  | 395,715             | -0-           |
|                                    |    | <u>14,598,880</u> | <u>\$ 13,519,336</u> | <u>\$ 1,079,544</u> | <u>\$ -0-</u> |
| Cash and cash equivalents in AWUIL |    |                   |                      |                     |               |
| Certificates of deposit            |    | 53,434,865        |                      |                     |               |
| Total                              | \$ | <u>71,097,890</u> |                      |                     |               |

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

Cash and cash equivalents, accounts payable, other current liabilities, salaries, wages and related liabilities and estimated third-party settlements The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, accounts payable, other current liabilities, salaries, wages and related liabilities and estimated third-party settlements approximate fair value based on short term maturity

Long-term debt Fair value of the Corporation's long-term debt, based on current quoted market value of similar debt instruments, has an approximate fair value of \$239,991,000 and \$209,238,000 as of August 31, 2012 and 2011, respectively

### 7. ENDOWMENT FUNDS

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

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

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

The endowment net assets by type of fund as of August 31, 2012 and 2011

|                                  | 2012              | 2011              |
|----------------------------------|-------------------|-------------------|
| Donor-restricted endowment funds |                   |                   |
| Permanently restricted           | \$ 976,358        | \$ 958,445        |
| Total endowment funds            | <u>\$ 976,358</u> | <u>\$ 958,445</u> |

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

For 2012 and 2011, the Corporation had the following endowment-related activities

|  | Permanently restricted |                   |
|--|------------------------|-------------------|
|  | 2012                   | 2011              |
| Endowment net assets,<br>beginning of year | \$ 958,445             | \$ 946,496        |
| Net investment income and other<br>changes | 17,913                 | 11,949            |
| Endowment net assets,<br>end of year       | <u>\$ 976,358</u>      | <u>\$ 958,445</u> |

### 8. LONG-TERM DEBT

A Master Trust Indenture, as amended, provides for the issuance of long-term debt under an obligated group structure. The Obligated Group consists of the Corporation and subsidiaries. This Obligated Group is required to meet certain covenants under the Master Trust Indenture. The Obligated Group is subject to certain financial performance covenants, among other compliance requirements, that require the maintenance of debt service ratios. As of August 31, 2012, management of the Obligated Group believes that it is in compliance with all financial covenants.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

The following is a summary of long-term debt as of August 31, 2012 and 2011

|  | 2012                  | 2011                  |
|--|-----------------------|-----------------------|
| Indiana Health and Educational Facility Financing Authority or Hospital Authority of Vigo County (Indiana)   |                       |                       |
| Series 2011, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2015 through 2041 Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 7 5% to 8% and averages 7 77% Includes bond discount of approximately \$1,000,000 | \$ 54,072,030         | \$ 54,016,712         |
| Series 2007, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2027 through 2048 Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 5 50% to 5 80% and averages 5 74%   | 176,123,660           | 176,109,882           |
| Series 2006B, taxable variable rate demand revenue bonds, payable in annual principal installments commencing in fiscal 2009 through fiscal 2037 Interest rate is set weekly (payable semiannually) and averages 50% in fiscal 2012  | 12,545,000            | 12,645,000            |
| Series 1993, tax-exempt fixed rate serial and term bonds, payable in annual principal installments commencing in fiscal 1996 through fiscal 2024 Interest (payable semiannually) ranges from 5 125% to 5 250% and averages 5 18% in fiscal 2012  | 24,100,000            | 25,625,000            |
| Loan payable in monthly principal installments commencing in fiscal 2010 through fiscal 2026 Fixed term with variable interest rate set monthly (payable monthly) using LIBOR based rates and averages 3 86% in 2012   | 5,910,600             | 6,262,600             |
| Capital leases and other   | 2,223,019             | 3,920,596             |
| Total long-term debt   | 274,974,309           | 278,579,790           |
| Less current portion   | 3,476,124             | 4,199,893             |
| Long-term debt, less current portion   | <u>\$ 271,498,185</u> | <u>\$ 274,379,897</u> |

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

| Year       |                       |
|------------|-----------------------|
| 2013       | \$ 3,476,124          |
| 2014       | 3,408,919             |
| 2015       | 2,533,683             |
| 2016       | 3,348,710             |
| 2017       | 3,497,685             |
| Thereafter | 258,709,188           |
|            | <u>\$ 274,974,309</u> |

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

In February 2011, the Corporation issued, through the Hospital Authority of Vigo County (Indiana), Hospital Revenue Bonds, Series 2011 (tax-exempt bonds) in the aggregate amount of \$55 million, net of bond discount, principally to finance, or reimburse the Corporation for, the costs of constructing, acquiring, equipping, or renovating certain capital assets of the Corporation, and to refund the Indiana Health Facility Financing Authority Variable Rate Demand Bonds, Series 2002 and the Indiana Health and Educational Facility Financing Authority Variable Rate Demand Revenue Bonds, Series 2006A, and for bond issuance cost, debt service reserve fund, and capitalized interest during the construction period. The interest rate is fixed and ranges from 7.5 to 8%. Term bonds expire in 2022 (\$10.4 million), 2031 (\$20.7 million), and 2041 (\$24.0 million) with principal payments beginning in 2015.

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

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

In July 2006, the Corporation opened a letter of credit for a maximum of \$19,000,000 attached to the Series 2006A tax-exempt Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2012 and 2011, and there are no outstanding amounts under this arrangement at August 31, 2012 and 2011. During 2011, the Corporation paid off the remaining balance of the Series 2006A bonds with the issuance of the 2011 Bonds.

The Corporation has a letter of credit for a maximum of \$13,000,000 attached to the Series 2006B taxable Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2012 and 2011, and there are no outstanding amounts under this arrangement at August 31, 2012 and 2011. The letter of credit expires May 2, 2014. However in the event of a failed remarketing, the Corporation is subject to a 367 day period of interest only payments. After 367 days, the amount of the draws would be required to be repaid in accordance with the amortization payment dates stipulated in the agreement.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

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

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

The fair value of the 2011, 2007, and 1993 fixed rate tax exempt bonds approximated \$222,535,000 as of August 31, 2012. The fair value of the fixed rate obligations is estimated based on current quoted market value of similar debt instruments. The fair value of variable rate debt (Series 2006B) approximates its carrying value.

Total interest paid on long-term debt (net of amounts capitalized of approximately \$1,540,000 and \$780,000) for the years ended August 31, 2012 and 2011, aggregated approximately \$14,700,000 and \$11,800,000, respectively. Total investment income on borrowed funds held by trustee for the years ended August 31, 2012 and 2011, aggregated approximately \$24,000 and \$37,000, respectively. Capitalized interest costs net of associated investment income earnings aggregated approximately \$1,528,000 and \$754,000.

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

The Corporation leases medical equipment and software under capital leases with various expiration dates. Cost and accumulated depreciation of the equipment under capital leases was approximately \$6,890,000 and \$8,160,000, respectively, and \$3,240,000 and \$3,360,000, respectively, at August 31, 2012 and August 31, 2011. The following is a schedule by year of future minimum lease payments under capital leases as of August 31, 2012, that have initial or remaining lease terms in excess of one year.

| Year                                    |                     |
|---|---------------------|
| 2013                                    | \$ 1,294,544        |
| 2014                                    | 649,615             |
| 2015                                    | 288,179             |
| 2016                                    | 58,451              |
| 2017                                    | 24,072              |
|   | <u>2,314,861</u>    |
| Less imputed interest                   | 132,848             |
| Present value of minimum lease payments | <u>\$ 2,182,013</u> |



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

The Corporation has operating leases for medical equipment and office space. Total rent and lease expense for 2012 and 2011 was \$12,068,132 and \$11,725,759, respectively. Future minimum lease payments under noncancelable operating leases as of August 31, 2012 that have initial or remaining lease terms in excess of one year are as follows:

| Year |                      |
|------|----------------------|
| 2013 | \$ 5,207,674         |
| 2014 | 3,252,746            |
| 2015 | 1,803,114            |
| 2016 | 477,568              |
| 2017 | 210,113              |
|      | <u>\$ 10,951,215</u> |

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

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

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

The Corporation recognizes the funded status of its defined-benefit pension plan in its consolidated balance sheets and the changes therein within its consolidated statements of operations and changes in net assets. Funded status is defined as the difference between the projected benefit obligation and the fair value of plan assets. Prior unrecognized net actuarial losses of \$12,519,095 and \$12,211,211 have been included in the unrestricted net assets at August 31, 2012 and 2011, respectively, and have not yet been recognized in net periodic pension cost. The adjustment to unrestricted net assets consisted primarily of the change in cumulative losses on the retirement plan in 2012 and 2011 and changes in the funded status.

Actuarial losses included in unrestricted net assets at August 31, 2012, and expected to be amortized in net periodic benefit cost during fiscal 2013 are \$327,053.

The following table sets forth the defined-benefit pension plan's benefit obligations, fair value of the Plan's assets, and funded status at August 31, 2012 and 2011.

|  | 2012                  | 2011                   |
|--|-----------------------|------------------------|
| Change in benefit obligation                 |                       |                        |
| Benefit obligation, beginning of year        | \$ 90,741,573         | \$ 82,432,540          |
| Service cost                                 | -0-                   | -0-                    |
| Interest cost                                | 5,753,943             | 5,267,599              |
| Benefits paid                                | (4,403,549)           | (3,640,212)            |
| Actuarial loss                               | 393,703               | 1,483,594              |
| Termination benefit cost                     | -0-                   | 5,198,052              |
| Effect of Settlement/Curtailment             | -0-                   | -0-                    |
| Benefit obligation, end of year              | 92,485,670            | 90,741,573             |
| Changes in plan assets                       |                       |                        |
| Fair value of plan assets, beginning of year | 80,525,011            | 67,969,947             |
| Actual return on plan assets                 | 5,143,998             | 9,165,267              |
| Employer contributions                       | 7,800,000             | 7,030,009              |
| Benefits paid                                | (4,403,549)           | (3,640,212)            |
| Fair value of plan assets, end of year       | 89,065,460            | 80,525,011             |
| Funded status                                |                       |                        |
| Funded status of the plan, end of year       | <u>\$ (3,420,210)</u> | <u>\$ (10,216,562)</u> |

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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

|                                | 2012              | 2011                |
|--------------------------------|-------------------|---------------------|
| Components of net benefit cost |                   |                     |
| Service cost                   | \$ -0-            | \$ -0-              |
| Interest cost                  | 5,753,943         | 5,267,599           |
| Expected return on plan assets | (5,343,366)       | (5,237,204)         |
| Actuarial loss                 | 285,187           | 641,243             |
| Net periodic benefit cost      | 695,764           | 671,638             |
| Termination benefit cost       | -0-               | 5,198,052           |
| Net benefit cost               | <u>\$ 695,764</u> | <u>\$ 5,869,690</u> |

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

| Year Ending<br>August 31, |                      |
|---------------------------|----------------------|
| 2013                      | \$ 4,868,248         |
| 2014                      | 4,898,679            |
| 2015                      | 4,949,697            |
| 2016                      | 5,132,037            |
| 2017                      | 5,441,658            |
| 2018-2022                 | 31,036,804           |
|                           | <u>\$ 56,327,123</u> |

The weighted-average assumptions used to determine the Plan's projected benefit obligation (PBO) and net periodic benefit costs (NPBC) for the years ended August 31, 2012 and 2011 are as follows

|                                      | 2012           | 2011           |
|--------------------------------------|----------------|----------------|
| Discount rate                        | 6.5%           | 6.5%           |
| Expected return on plan assets       | 6.5%           | 7.5%           |
| Rate of compensation increase - NPBC | Not Applicable | Not Applicable |

The principal long-term determinant of a portfolio's investment return is its asset allocation. The Plan's allocation includes growth assets (36%) and fixed income (61%) investments and other (3%). In addition, active management strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the Plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

The Plan's weighted-average asset allocations at August 31, 2012 and 2011, by asset category, are as follows

|                             | 2012 | 2011 |
|-----------------------------|------|------|
| Mutual funds - equity funds | 36%  | 35%  |
| Mutual funds - bond funds   | 61%  | 60%  |
| Other                       | 3%   | 5%   |
|                             | 100% | 100% |

The following is an analysis of fair value of the major classes of plan assets as of August 31, 2012 and 2011

|                             | Fair Value    |               |
|-----------------------------|---------------|---------------|
|                             | 2012          | 2011          |
| Cash and equivalents        | \$ 1,155,469  | \$ 2,253,635  |
| Mutual funds - equity funds | 31,889,829    | 28,295,642    |
| Mutual funds - bond funds   | 54,206,652    | 48,396,203    |
| Private equity funds        | 1,813,510     | 1,579,531     |
| Total                       | \$ 89,065,460 | \$ 80,525,011 |

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

The following is a reconciliation of the fair value of plan assets as of August 31, 2012 and 2011 determined on the basis of valuation techniques

|                                    | Private Equity Funds |              |
|------------------------------------|----------------------|--------------|
|                                    | 2012                 | 2011         |
| Balance, beginning of year         | \$ 1,579,531         | \$ 1,270,745 |
| Return on plan assets              |                      |              |
| Assets held at the end of the year | 189,550              | 308,786      |
| Net purchases                      | 44,429               | -0-          |
| Balance, end of year               | \$ 1,813,510         | \$ 1,579,531 |

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

---

The Plan employs an investment advisor to monitor the Plan's investment managers and make investment recommendations to the Corporation. The Corporation invests fund balances in a structured portfolio of equity and bond mutual funds and alternative investments. The target allocation strategy for the Plan is to have its investment portfolio comprise approximately 60% to 70% growth investments, 25% to 32% fixed-income investments, and 0% to 8% in alternative investments. Within the growth investment classification, the Plan's asset strategy encompasses equity and equity-like instruments that are expected to represent approximately 60.0% of the Corporation's plan asset portfolio of both public and private market investments. The largest component of these equity and equity-like instruments is public equity securities that are well diversified and invested in U.S. and international companies.

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

The Corporation expects to contribute approximately \$7,800,000 to the pension plan in 2013 and will meet the required funding amounts for 2012. The Corporation elected to freeze the Plan in 2010, but will continue to fund the plan as required.

The Corporation also has a 403b discretionary defined contribution plan for which contributions during 2012 and 2011 were approximately \$5,075,000 and \$4,829,000, respectively.

### 10. COMMITMENTS AND CONTINGENCIES

During 2012, the Corporation received notice from Medicaid that there were possible overpayments based on free-standing facilities versus provider based payments. The outcome of this matter is uncertain and any amount assessed, if any, is unknown at this time.

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

## **SUPPLEMENTARY INFORMATION**

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2012

|  | Union<br>Hospital, Inc | IPACS, Inc   | COH        | Eliminations   | Union Hospital, Inc<br>and<br>Subsidiaries |
|--|------------------------|--------------|------------|----------------|--|
| <b>Assets</b>  |                        |              |            |                |  |
| <b>Current assets</b>                                      |                        |              |            |                |  |
| Cash and cash equivalents                                  | \$ 31,063,107          | \$ 2,165,300 | \$ 3,948   | \$ -0-         | \$ 33,232,355                              |
| Funds held by trustee, current portion                     | 9,357,980              | -0-          | -0-        | -0-            | 9,357,980                                  |
| Board designated funds, current portion                    | 11,931,261             | -0-          | -0-        | -0-            | 11,931,261                                 |
| Patient accounts receivable, net                           | 51,029,921             | -0-          | 188,271    | -0-            | 51,218,192                                 |
| Inventories  | 4,361,427              | -0-          | -0-        | -0-            | 4,361,427                                  |
| Prepaid expenses and other current assets                  | 4,229,851              | 111,536      | 56,822     | (121,966)      | 4,276,243                                  |
| Total current assets                                       | 111,973,547            | 2,276,836    | 249,041    | (121,966)      | 114,377,458                                |
| <b>Investments limited as to use, less current portion</b> |                        |              |            |                |  |
| Funds held by trustee                                      | 24,270,756             | -0-          | -0-        | -0-            | 24,270,756                                 |
| Board designated funds                                     | 31,448,900             | -0-          | -0-        | -0-            | 31,448,900                                 |
| Permanently restricted                                     | 976,358                | -0-          | -0-        | -0-            | 976,358                                    |
| Total investments limited as to use                        | 56,696,014             | -0-          | -0-        | -0-            | 56,696,014                                 |
| <b>Property and equipment</b>                              |                        |              |            |                |  |
| Land and improvements                                      | 37,291,582             | -0-          | -0-        | -0-            | 37,291,582                                 |
| Buildings and fixed equipment                              | 314,480,911            | 7,652        | -0-        | -0-            | 314,488,563                                |
| Movable equipment  | 119,362,238            | 56,850       | 49,894     | -0-            | 119,468,982                                |
|  | 471,134,731            | 64,502       | 49,894     | -0-            | 471,249,127                                |
| Less allowances for depreciation                           | 191,786,439            | 14,485       | 36,849     | -0-            | 191,837,773                                |
|  | 279,348,292            | 50,017       | 13,045     | -0-            | 279,411,354                                |
| Construction in progress                                   | 16,123,962             | -0-          | -0-        | -0-            | 16,123,962                                 |
| Total property and equipment, net                          | 295,472,254            | 50,017       | 13,045     | -0-            | 295,535,316                                |
| <b>Other assets</b>  |                        |              |            |                |  |
| Due from Union Hospital Foundation, Inc                    | 4,495,347              | -0-          | -0-        | -0-            | 4,495,347                                  |
| Deferred financing costs, net                              | 3,090,878              | -0-          | -0-        | -0-            | 3,090,878                                  |
| Intangible assets, net                                     | 5,982,856              | -0-          | -0-        | -0-            | 5,982,856                                  |
| Other assets   | 3,980,230              | -0-          | -0-        | (2,103,644)    | 1,876,586                                  |
|  | 17,549,311             | -0-          | -0-        | (2,103,644)    | 15,445,667                                 |
| Total assets   | \$ 481,691,126         | \$ 2,326,853 | \$ 262,086 | \$ (2,225,610) | \$ 482,054,455                             |

See Report of Independent Auditors on Page 1 and 2

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2012

|  | Union<br>Hospital, Inc | IPACS, Inc   | COH        | Eliminations   | Union Hospital, Inc<br>and<br>Subsidiaries |
|--|------------------------|--------------|------------|----------------|--|
| <b>Liabilities and net assets</b>              |                        |              |            |                |  |
| <b>Current liabilities</b>                     |                        |              |            |                |  |
| Accounts payable and other current liabilities | \$ 22,386,923          | \$ 445,011   | \$ 15,238  | \$ (121,966)   | \$ 22,725,206                              |
| Salaries, wages and related liabilities        | 19,757,553             | 25,046       | -0-        | -0-            | 19,782,599                                 |
| Estimated third party settlements              | 3,073,530              | -0-          | -0-        | -0-            | 3,073,530                                  |
| Accrued interest                               | 7,842,998              | -0-          | -0-        | -0-            | 7,842,998                                  |
| Current portion of long-term debt              | 3,476,124              | -0-          | -0-        | -0-            | 3,476,124                                  |
| Total current liabilities                      | 56,537,128             | 470,057      | 15,238     | (121,966)      | 56,900,457                                 |
| <b>Long-term liabilities</b>                   |                        |              |            |                |  |
| Long-term debt, less current portion           | 271,498,185            | -0-          | -0-        | -0-            | 271,498,185                                |
| Deferred revenue                               | 301,122                | -0-          | -0-        | -0-            | 301,122                                    |
| Pension liability                              | 3,420,210              | -0-          | -0-        | -0-            | 3,420,210                                  |
| Other long-term liabilities                    | 5,313,254              | -0-          | -0-        | -0-            | 5,313,254                                  |
| Total long-term liabilities                    | 280,532,771            | -0-          | -0-        | -0-            | 280,532,771                                |
| Total liabilities                              | 337,069,899            | 470,057      | 15,238     | (121,966)      | 337,433,228                                |
| <b>Net assets</b>                              |                        |              |            |                |  |
| Unrestricted                                   | 139,069,623            | 1,856,796    | 246,848    | (2,103,644)    | 139,069,623                                |
| Temporarily restricted                         | 4,575,246              | -0-          | -0-        | -0-            | 4,575,246                                  |
| Permanently restricted                         | 976,358                | -0-          | -0-        | -0-            | 976,358                                    |
| Total net assets                               | 144,621,227            | 1,856,796    | 246,848    | (2,103,644)    | 144,621,227                                |
| Total liabilities and net assets               | \$ 481,691,126         | \$ 2,326,853 | \$ 262,086 | \$ (2,225,610) | \$ 482,054,455                             |



# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2011

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2011

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2012

|  | Union<br>Hospital | Union<br>Hospital<br>Clinton | Union<br>Hospital, Inc | IPACS, Inc | COH          | Eliminations | Union Hospital, Inc<br>and<br>Subsidiaries |
|--|-------------------|------------------------------|------------------------|------------|--------------|--------------|--|
| <b>Operating revenue</b>   |                   |                              |                        |            |              |              |  |
| Net patient service revenue (net of contractual allowances and discounts including charity care provision of \$38,737,421) | \$ 431,391,216    | \$ 30,081,940                | \$ 461,473,156         | \$ -0-     | \$ 1,062,103 | \$ -0-       | \$ 462,535,259                             |
| Provision for bad debts  | (36,602,544)      | (4,703,143)                  | (41,305,687)           | -0-        | -0-          | -0-          | (41,305,687)                               |
| Net patient service revenue less provision for bad debts   | 394,788,672       | 25,378,797                   | 420,167,469            | -0-        | 1,062,103    | -0-          | 421,229,572                                |
| Other revenue  | 9,034,243         | 373,091                      | 9,407,334              | 1,604,900  | -0-          | (2,027,817)  | 8,984,417                                  |
| Total operating revenue  | 403,822,915       | 25,751,888                   | 429,574,803            | 1,604,900  | 1,062,103    | (2,027,817)  | 430,213,989                                |
| <b>Operating expenses</b>  |                   |                              |                        |            |              |              |  |
| Salaries and wages   | 116,694,652       | 9,206,004                    | 125,900,656            | 344,051    | -0-          | -0-          | 126,244,707                                |
| Employee benefits  | 25,175,660        | 2,059,390                    | 27,235,050             | 151,286    | -0-          | -0-          | 27,386,336                                 |
| Supplies and drugs   | 64,771,572        | 2,655,238                    | 67,426,810             | -0-        | 121,182      | -0-          | 67,547,992                                 |
| Physician services   | 10,287,601        | 455,252                      | 10,742,853             | -0-        | -0-          | -0-          | 10,742,853                                 |
| Contract services  | 62,740,357        | 812,521                      | 63,552,878             | 3,224      | 112,945      | -0-          | 63,669,047                                 |
| Rent and leases  | 11,375,306        | 688,194                      | 12,063,500             | 16,625     | 3,118        | (15,111)     | 12,068,132                                 |
| Utilities, supplies, and other   | 35,933,799        | 3,336,423                    | 39,270,222             | 893,328    | 717,061      | (2,012,690)  | 38,867,921                                 |
| Hospital assessment fee  | 17,186,775        | 715,855                      | 17,902,630             | -0-        | -0-          | -0-          | 17,902,630                                 |
| Depreciation and amortization  | 23,492,862        | 992,869                      | 24,485,731             | 6,891      | 6,944        | -0-          | 24,499,566                                 |
| Interest   | 14,898,275        | 3,909                        | 14,902,184             | -0-        | -0-          | -0-          | 14,902,184                                 |
| Total operating expenses   | 382,556,859       | 20,925,655                   | 403,482,514            | 1,415,405  | 961,250      | (2,027,801)  | 403,831,368                                |
| Income from operations   | 21,266,056        | 4,826,233                    | 26,092,289             | 189,495    | 100,853      | (16)         | 26,382,621                                 |
| <b>Non-operating gains (losses)</b>  |                   |                              |                        |            |              |              |  |
| Investment income  | 510,036           | 490                          | 510,526                | 73,182     | -0-          | -0-          | 583,708                                    |
| Other  | 1,817,563         | (1,706)                      | 1,815,857              | -0-        | -0-          | (363,423)    | 1,452,434                                  |
| Total non-operating revenues   | 2,327,599         | (1,216)                      | 2,326,383              | 73,182     | -0-          | (363,423)    | 2,036,142                                  |
| Excess of revenue over expenses  | \$ 23,593,655     | \$ 4,825,017                 | \$ 28,418,672          | \$ 262,677 | \$ 100,853   | \$ (363,439) | \$ 28,418,763                              |

See Report of Independent Auditors on Page 1 and 2

# UNION HOSPITAL INC. AND SUBSIDIARIES

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

|  | Union<br>Hospital | Union Hospital<br>Clinton | Union<br>Hospital, Inc | IPACS, Inc | COH        | Eliminations | Union Hospital, Inc<br>and<br>Subsidiaries |
|--|-------------------|---------------------------|------------------------|------------|------------|--------------|--|
| <b>Operating revenue</b>   |                   |                           |                        |            |            |              |  |
| Net patient service revenue (net of contractual allowances and discounts including charity care provision of \$33,138,608) | \$ 384,620,674    | \$ 28,936,611             | \$ 413,557,285         | \$ -0-     | \$ 974,421 | \$ (587,214) | \$ 413,944,492                             |
| Provision for bad debts  | (36,284,667)      | (5,676,728)               | (41,961,395)           | -0-        | -0-        | -0-          | (41,961,395)                               |
| Net patient service revenue less provision for bad debts   | 348,336,007       | 23,259,883                | 371,595,890            | -0-        | 974,421    | (587,214)    | 371,983,097                                |
| Other revenue  | 8,395,730         | 486,354                   | 8,882,084              | 1,613,216  | 0          | (1,398,646)  | 9,096,654                                  |
| Total operating revenue  | 356,731,737       | 23,746,237                | 380,477,974            | 1,613,216  | 974,421    | (1,985,860)  | 381,079,751                                |
| <b>Operating expenses</b>  |                   |                           |                        |            |            |              |  |
| Salaries and wages   | 107,581,614       | 9,545,153                 | 117,126,767            | 321,173    | -0-        | -0-          | 117,447,940                                |
| Employee benefits  | 25,644,934        | 2,203,471                 | 27,848,405             | 133,315    | -0-        | -0-          | 27,981,720                                 |
| Supplies and drugs   | 66,758,208        | 3,350,322                 | 70,108,530             | -0-        | 82,387     | -0-          | 70,190,917                                 |
| Physician services   | 9,719,988         | 640,640                   | 10,360,628             | -0-        | -0-        | -0-          | 10,360,628                                 |
| Contract services  | 63,187,874        | 853,062                   | 64,040,936             | 17,010     | 703,678    | -0-          | 64,761,624                                 |
| Rent and leases  | 11,038,190        | 668,693                   | 11,706,883             | 16,185     | 2,691      | -0-          | 11,725,759                                 |
| Utilities, supplies, and other   | 31,267,284        | 3,256,944                 | 34,524,228             | 890,301    | 100,992    | (1,975,241)  | 33,540,280                                 |
| Depreciation and amortization  | 23,991,201        | 956,933                   | 24,948,134             | 3,045      | 9,799      | -0-          | 24,960,978                                 |
| Interest   | 13,916,229        | 6,524                     | 13,922,753             | -0-        | -0-        | -0-          | 13,922,753                                 |
| Total operating expenses   | 353,105,522       | 21,481,742                | 374,587,264            | 1,381,029  | 899,547    | (1,975,241)  | 374,892,599                                |
| Income (loss) from operations  | 3,626,215         | 2,264,495                 | 5,890,710              | 232,187    | 74,874     | (10,619)     | 6,187,152                                  |
| <b>Special charge early retirement</b>   | (6,326,718)       | (924,155)                 | (7,250,873)            | -0-        | -0-        | -0-          | (7,250,873)                                |
| Income from operations after special charge  | (2,700,503)       | 1,340,340                 | (1,360,163)            | 232,187    | 74,874     | (10,619)     | (1,063,721)                                |
| <b>Nonoperating gains</b>  |                   |                           |                        |            |            |              |  |
| Investment income  | 595,389           | 2,430                     | 597,819                | 66,676     | -0-        | (74,875)     | 589,620                                    |
| Other  | 300,636           | (1,344)                   | 299,292                | -0-        | -0-        | (288,352)    | 10,940                                     |
| Total nonoperating revenues  | 896,025           | 1,086                     | 897,111                | 66,676     | -0-        | (363,227)    | 600,560                                    |
| Excess of revenue over (under) expenses  | \$ (1,804,478)    | \$ 1,341,426              | \$ (463,052)           | \$ 298,863 | \$ 74,874  | \$ (373,846) | \$ (463,161)                               |

See Report of Independent Auditors on Page 1 and 2

# UNION HOSPITAL INC. AND SUBSIDIARIES

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2012

| Program   | Grant<br>ID #        | CFDA<br>Number | Federal<br>Expenditures |
|---|----------------------|----------------|-------------------------|
| <b>Major program</b>  |                      |                |                         |
| Telehealth Network Grant - Office of Advancement<br>of Telemedicine (OAT)   | G22RH22701-01        | 93 211         | \$ 190,000              |
| Grants for Training in Primary Care Medicine and<br>Dentistry - Bureau of Health Professions (BHP)  | D58HP23232-01        | 93 884         | 227,715                 |
| Total major programs  |                      |                | 417,715                 |
| <b>Non-major programs</b>   |                      |                |                         |
| Department of Health and Human Services<br>Affordable Care Act - Health Center Planning Grant   | P04CS22769-01        | 93 527         | 80,000                  |
| Department of Health and Human Services<br>Health Care and Other Facilities Grant   | C76HF19877-01        | 93 887         | 38,400                  |
| Department of Health and Human Services<br>Grants to States for Operation of Offices for Rural Health   | 6 H95 RH 00136-20-01 | 93 913         | 87,167                  |
| Department of Health and Human Services<br>Substance Abuse Prevention and Treatment Block Grant<br>Block Grant pass through the Indiana Division of Mental Health<br>and Addictions | PSUP 245-2           | 93 959         | 57,935                  |
| Total non-major programs  |                      |                | 263,502                 |
| Total federal expenditures  |                      |                | \$ 681,217              |

### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation under programs of the federal government for the year ended August 31, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The basic consolidated financial statement classifications may include other financial activity for reporting purposes. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.



THE BLUE CROSS OF INDIANA  
175 N. MARKET STREET, SUITE 1000  
INDIANAPOLIS, IN 46204-1000

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Directors  
Union Hospital  
Terre Haute, Indiana

We have audited the consolidated financial statements of Union Hospital, Inc. and Subsidiaries (the Corporation) as of and for the year ended August 31, 2012, and have issued our report thereon dated November 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources issued by the Indiana State Board of Accounts.

Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Directors  
Union Hospital  
Terre Haute , Indiana

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the Corporation in a separate letter dated November 13, 2012.

This report is intended solely for the information and use of the Board of Directors, management, the cognizant audit agencies, and other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blue & Co., LLC*

November 13, 2012



THE BOARD OF DIRECTORS OF UNION HOSPITAL, INC.  
1000 N. 10TH ST., TERRE HAUTE, IN 47780

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

Board of Directors  
Union Hospital  
Terre Haute, Indiana

Compliance

We have audited Union Hospital, Inc. and Subsidiaries' (the Corporation) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended August 31, 2012. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.



Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the board of directors, management, the cognizant audit agencies, other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Blue & Co., LLC**

November 13, 2012

# UNION HOSPITAL INC. AND SUBSIDIARIES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED AUGUST 31, 2012

---

### Summary of Auditor's Results

#### *Financial Statements*

Type of auditor's report issued Unqualified

Internal control over financial reporting

Material weakness(es) identified? ☐ yes ☒ none reported

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ none reported

#### *Federal Awards*

Internal controls over major programs

Material weakness(es) identified? ☐ yes ☒ none reported

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none noted

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major program

CFDA Number  
93 211

Name of Federal Program or Cluster  
Telehealth Network Grant - Office of Advancement of Telemedicine (OAT)

93 884

Grants for Training in Primary Care Medicine and Dentistry - Bureau of Health Professions (BHPr)

Dollar threshold used to distinguish between type A and B programs \$300,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

### Section II – Findings related to financial statements reported in accordance with Government Auditing Standards:

No matters reported

### Section III – Findings and questioned costs relating to Federal awards:

No matters reported

### Section IV – Summary schedule of prior audit findings:

No matters reported

---

See report on compliance with OMB Circular A-133 on pages 40 and 42