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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

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

C Name of organization
AULTMAN HEALTH FOUNDATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2600 SIXTH STREET SW
Suite

City or town, state or country, and ZIP + 4
CANTON, OH 44710

D Employer identification number
34-1445390

E Telephone number
(330) 363-6352

G Gross receipts $ 62,258,462

F Name and address of principal officer
MARK WRIGHT
2600 SIXTH STREET SW
CANTON, OH 44710

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: ▶ N/A

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

L Year of formation 1975

M State of legal domicile OH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE MISSION OF AULTMAN HEALTH FOUNDATION IS TO "LEAD OUR COMMUNITY TO IMPROVED HEALTH "

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	44
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	37
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	397
6	Total number of volunteers (estimate if necessary)	**6**	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	0	0
9	Program service revenue (Part VIII, line 2g)	37,396,428	40,486,006
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	122,349	4,984,544
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	250,994	485,644
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,769,771	45,956,194
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,135,630	1,260,366
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	20,239,853	20,811,475
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	24,370,248	26,265,593
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	45,745,731	48,337,434
19	Revenue less expenses Subtract line 18 from line 12	-7,975,960	-2,381,240

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	246,457,735	281,486,138
21	Total liabilities (Part X, line 26)	17,359,858	19,481,296
22	Net assets or fund balances Subtract line 21 from line 20	229,097,877	262,004,842

Net Assets or Fund Balances

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

****** | 2013-11-15
Signature of officer | Date

MARK WRIGHT CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Joyce A Dulworth				
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 200 E Main St Suite 700 Fort Wayne, IN 46802			Phone no (260) 460-4000	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION OF AULTMAN HEALTH FOUNDATION IS TO "LEAD OUR COMMUNITY TO IMPROVED HEALTH " THE VERTICALLY INTEGRATED HEALTH SYSTEM OF AULTMAN HOSPITAL AND AULTCARE HEALTH PLANS ENABLE AULTMAN TO BE ONE OF THE LOWEST-COST HEALTH CARE PROVIDERS IN NORTHEASTERN OHIO LOWER COSTS HELP LOCAL BUSINESSES STAY FINANCIALLY HEALTHY AND MAINTAIN GOOD JOBS IN OUR COMMUNITY IN ADDITION TO PROVIDING HIGH-QUALITY, LOW-COST HEALTH CARE, AULTMAN HEALTH FOUNDATION PROVIDES HEALTH EDUCATION FOR THE COMMUNITY THE WELLNESS ON WHEELS (WOW) MOBILE HEALTH-FAIR UNIT PROVIDES HEALTH SCREENINGS AND WELLNESS EDUCATION FOR OUR COMMUNITY, REACHING MORE THAN 12,500 PEOPLE AT 150 EVENTS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 6,627,490 including grants of $) (Revenue $ 8,973,613)

THE ACUTE CARE SPECIALTY HOSPITAL, LOCATED ON THE MAIN AULTMAN CAMPUS, PROVIDES LONG-TERM ACUTE CARE FOR PATIENTS WITH MEDICALLY COMPLEX CONDITIONS PATIENTS' AVERAGE LENGTH OF STAY IS 25 DAYS, AND THEY ARE TYPICALLY TRANSFERRED FROM AULTMAN ICU OR STEP-DOWN UNITS OR OTHER LOCAL HOSPITALS IN 2012, 202 PATIENTS WERE CARED FOR AT THE ACUTE CARE SPECIALTY HOSPITAL THE ACUTE CARE SPECIALTY HOSPITAL'S QUALITY PROGRAM HAS BEEN ENHANCED IN THE AREAS OF IMPROVED PREVENTION OF SKIN BREAKDOWN, VENTILATOR-ASSOCIATED PNEUMONIA, LINE SEPSIS, AND CLOSTRIDIUM DIFFICILE

4b (Code) (Expenses $ 13,834,724 including grants of $) (Revenue $ 4,059)

WITH NEARLY 76 FULL-TIME EMPLOYEES, THE AULTMAN SYSTEMS AND TECHNOLOGY DEPARTMENT PROVIDES THE TECHNICAL INFRASTRUCTURE FOR BUSINESS AND CLINICAL SYSTEMS THROUGHOUT AULTMAN HOSPITAL, ITS SATELLITE FACILITIES, AND SUBSIDIARIES THE SYSTEMS AND TECHNOLOGY TEAM HANDLES EVERYTHING RELATED TO INFORMATION TECHNOLOGY AT AULTMAN HEALTH FOUNDATION - INCLUDING HARDWARE, SOFTWARE DATA SECURITY, AND INTERNAL CUSTOMER SUPPORT

4c (Code) (Expenses $ 3,238,737 including grants of $) (Revenue $ 40,586)

THE 26-MEMBER AULTMAN HEALTH FOUNDATION HUMAN RESOURCES DEPARTMENT PROVIDES SUPPORT SERVICES RELATIVE TO EMPLOYEE BENEFITS, COMPENSATION, EDUCATION AND DEVELOPMENT, EMPLOYEE RECRUITING, NEW-HIRE ORIENTATION, DIVERSITY AND INCLUSION, EMPLOYEE EVENTS AND WORKPLACE SAFETY

4d Other program services (Describe in Schedule O)

(Expenses $ 16,413,882 including grants of $) (Revenue $ 31,567,961)

4e **Total program service expenses** ▶ 40,114,833

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☑

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	89		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	397		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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**	44		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	37		
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**	Yes	
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**		No
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**		No
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**		No
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 this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶MARK WRIGHT 2600 SIXTH ST SW CANTON, OH (330) 363-6192

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,284,671	1,179,481	238,147

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 27

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SQUIRE SANDERS DEMPSEY LLP , PO BOX 643051 CINCINNATI OH 452643051	LEGAL	1,524,107
QCS CLEANING SOLUTIONS , PO BOX 752 MASSILLON OH 44648	CLEANING SERVICES	196,525
CANTON DATA PRINT , 2617 CLEVELAND AVENUE NW CANTON OH 44709	PRINT SERVICES	158,567
BRUNER-COX LLP , PO BOX 35429 CANTON OH 44735	ACCOUNTING FEES	221,873
STRATEGIC HEALTH CARE CO , 17 S HIGH STREET COLUMBUS OH 43215	CONSULTING	133,000

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 ▶ 31

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		0			
Program Service Revenue			Business Code				
	2a	HEALTH SYSTEM ADMINISTRATION	561000	30,470,674	30,470,674		
	b	PROPERTY MANAGEMENT REVENUE	561000	1,361,916	1,361,916		
	c	PATIENT SERVICE REVENUE	561000	8,653,416	8,653,416		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		40,486,006			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		2,787,838			2,787,838
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)	0	0			
	d	Net rental income or (loss) . . . . . ▶		0			
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	18,498,974				
	b	Less cost or other basis and sales expenses	16,302,268				
	c	Gain or (loss)	2,196,706				
	d	Net gain or (loss) . . . . . ▶		2,196,706			2,196,706
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	UNIFORM SALES	561300	175,247			175,247
	b	OTHER REVENUE	561000	310,397	100,213		210,184
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		485,644			
	12	**Total revenue.** See Instructions . . . . . ▶		45,956,194	40,586,219		5,369,975

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,260,366	1,260,366		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	2,213,119	1,814,758	398,361	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	15,038,230	12,331,349	2,706,881	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	518,989	425,571	93,418	
9 Other employee benefits	1,826,623	1,497,831	328,792	
10 Payroll taxes	1,214,514	995,901	218,613	
11 Fees for services (non-employees)				
a Management	0			
b Legal	5,712,000	4,683,840	1,028,160	
c Accounting	206,084	168,989	37,095	
d Lobbying	117,500	96,350	21,150	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	162,052	132,883	29,169	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	6,373,872	5,226,575	1,147,297	
12 Advertising and promotion	93,029	76,284	16,745	
13 Office expenses	1,155,668	947,648	208,020	
14 Information technology	8,461,448	6,938,387	1,523,061	
15 Royalties . .	0			
16 Occupancy	1,412,418	1,158,183	254,235	
17 Travel	282,244	231,440	50,804	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	418	343	75	
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	679,822	557,454	122,368	
23 Insurance	0			
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES	867,644	867,644		
b EDUCATION	121,370	99,523	21,847	
c OHIO HOSPITAL FRANCHISE FEE	91,723	75,213	16,510	
d BAD DEBT	528,301	528,301		
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	48,337,434	40,114,833	8,222,601	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		5,874,883	2	4,255,873
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		4,960,826	4	381,259
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		1,079,167	7	442,566
	8	Inventories for sale or use		0	8	0
	9	Prepaid expenses and deferred charges		1,264,815	9	1,747,526
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 15,544,220			
	b	Less accumulated depreciation	10b 5,164,054	11,299,988	10c	10,380,166
	11	Investments—publicly traded securities		75,774,760	11	86,070,300
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		143,683,296	13	175,019,282
	14	Intangible assets		2,520,000	14	3,189,166
	15	Other assets See Part IV, line 11		0	15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		246,457,735	16	281,486,138
Liabilities	17	Accounts payable and accrued expenses		6,065,649	17	3,678,087
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		11,294,209	25	15,803,209
	26	**Total liabilities.** Add lines 17 through 25		17,359,858	26	19,481,296
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		229,097,877	27	262,004,842
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		229,097,877	33	262,004,842
	34	Total liabilities and net assets/fund balances		246,457,735	34	281,486,138

Additional Data

Software ID:
Software Version:
EIN: 34-1445390
Name: AULTMAN HEALTH FOUNDATION

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
EDWARD J ROTH III CEO & PRESIDENT	50 0 5 0	X		X				599,710	0	17,093
RICK L HAINES DIRECTOR	1 0 54 0	X						0	416,834	20,202
CHRISTOPHER E REMARK TREASURER & COO - AH	5 0 50 0	X		X				0	339,117	17,752
LEO E DOYLE DIRECTOR	1 0	X						0	0	0
T STEPHEN GREGORY CHAIRMAN	1 0	X		X				0	0	0
DAVID W BARTLEY II DIRECTOR	1 0	X						0	0	0
WILLIAM H BELDEN JR DIRECTOR	1 0	X						0	0	0
BARBARA HAMMONTREE BENNETT DIRECTOR	1 0	X						0	0	0
SHEILA MARKLEY BLACK ESQ DIRECTOR	1 0	X						0	0	0
THEODORE V BOYD DIRECTOR	1 0	X						0	0	0
STEPHEN G DEUBLE DIRECTOR	1 0	X						0	0	0
DARRYL J DILLENBACK DIRECTOR	1 0	X						0	0	0
MILAN R DOPIRAK MD DIRECTOR/PHYSICIAN	1 0 54 0	X						0	388,530	13,997
GLENN A EISENBERG DIRECTOR	1 0	X						0	0	0
DAVID M FINDLEY DIRECTOR	1 0	X						0	0	0
NORMAN J GAYNOR III DIRECTOR	1 0	X						0	0	0
PATRICIA A GRISCHOW DIRECTOR	1 0	X						0	0	0
JOSEPH R HALTER JR VICE CHAIRMAN	1 0	X		X				0	0	0
MICHAEL E HANKE DIRECTOR	1 0	X						0	0	0
JOHN B HUMPHREY JR MD DIRECTOR/PHYSICIAN	1 0	X						0	0	0
JAMES E KNISLEY DIRECTOR	1 0	X						0	0	0
GEORGE W LEMON DIRECTOR	1 0	X						0	0	0
GENE E LITTLE DIRECTOR	1 0	X						0	0	0
RONALD R LYONS DIRECTOR	1 0	X						0	0	0
HARRY C MACNEALY DIRECTOR	1 0	X						0	0	0

Part XI Reconcilliation 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	45,956,194
2	Total expenses (must equal Part IX, column (A), line 25)	2	48,337,434
3	Revenue less expenses Subtract line 2 from line 1	3	-2,381,240
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	229,097,877
5	Net unrealized gains (losses) on investments	5	5,520,966
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	29,767,239
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	262,004,842

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

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

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A) AULTMAN HOSP	340714538	03	Yes		Yes		Yes		0
Total									0

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

AULTMAN HEALTH FOUNDATION (AHF) WAS FORMED TO HANDLE THE OVERALL MANAGEMENT FOR AULTMAN HOSPITAL (AH) AND AHFS SUBSIDIARIES THIS STRUCTURE IS COMMON TO MANY HEALTH CARE SYSTEMS AHF PERFORMS ACTIVITIES THAT DIRECTLY AND INDIRECTLY IMPACT AH SPECIFICALLY IDENTIFYING THOSE EXPENSES RELATED TO AH WOULD BE DIFFICULT TO QUANTIFY AS SUCH, AHF HAS NOT REPORTED ANY DIRECT EXPENSES ON SCHEDULE A PART I THERE IS A CLOSE WORKING RELATIONSHIP BETWEEN AHF AND AH AND SUBSTANTIAL RESOURCES OF AHF ARE COMMITTED TO FURTHERING THE AH MISSION

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

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

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
AULTMAN HEALTH FOUNDATION	34-1445390

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		117,500
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			117,500
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?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE C	PART II-B, LINE 1G	ONE EMPLOYEE CONDUCTS LOBBYING ACTIVITIES ON BEHALF OF THE ORGANIZATION

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. 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		5,979,436		5,979,436
b Buildings		6,323,682	3,063,741	3,259,941
c Leasehold improvements				
d Equipment		2,758,552	1,648,683	1,109,869
e Other		482,550	451,630	30,920
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				10,380,166

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

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

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN AFFILIATES	175,019,282	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶	175,019,282	

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ESTIMATED THIRD-PARTY PAYOR SE	1,194,209
ACCRUED CONTINGENCY-LEGAL	14,609,000
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	15,803,209

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	40,317,126
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	5,520,966		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	5,520,966
3	Subtract line **2e** from line **1**			3	34,796,160
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	11,160,034		
c	Add lines **4a** and **4b**			4c	11,160,034
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	45,956,194

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	41,970,910
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	41,970,910
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	6,366,524		
c	Add lines **4a** and **4b**			4c	6,366,524
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	48,337,434

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES	ASC 740 FOOTNOTE FROM AUDITED CONSOLIDATED FINANCIAL STATEMENTS	WHEN TAX RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD BE ULTIMATELY SUSTAINED IN ACCORDANCE WITH THE INCOME TAXES TOPIC OF THE FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ACCOUNTING STANDARDS CODIFICATION, THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE FINANCIAL STATEMENT IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY TAX POSITIONS TAKEN ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS TAX POSITIONS THAT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50% LIKELY OF BEING REALIZED UPON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY THE PORTION OF THE BENEFITS ASSOCIATED WITH TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE IS RECORDED AS A LIABILITY FOR UNRECOGNIZED TAX BENEFITS ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION
RECONCILIATION	PART XI, LINE 4B	INVESTMENT INCOME $10,505,510 BAD DEBT RECLASS $528,302 OTHER REVENUE RECLASS $126,222 TOTAL $11,160,034 PART XII, LINE 4B CONTINGENCY EXPENSE $5,712,000 BAD DEBT RECLASS $528,302 OTHER REVENUE RECLASS $126,222 TOTAL $6,366,524

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

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

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 0 %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	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 eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			136,138		136,138	0 280 %
b Medicaid (from Worksheet 3, column a)			959,191	970,653	-11,463	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			1,095,329	970,653	124,675	0 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j			1,095,329	970,653	124,675	0 280 %

Part II **Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	528,302		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	109,949		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	3,703,939		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	3,115,959		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	587,980		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	ACUTE CARE SPECIALTY HOSP OF AULTMAN 2600 SIXTH STREET SW CANTON,OH 44710	X								ACUTE CARE	

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group ACUTE CARE SPECIALTY HOSP OF AULTMAN

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 ___			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5	Did the hospital facility make its CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

			Yes	No
Financial Assistance Policy				
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 100% If "No," explain in Part VI the criteria the hospital facility used			
11	Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	**12**	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a	☑ Income level			
b	☑ Asset level			
c	☑ Medical indigency			
d	☑ Insurance status			
e	☑ Uninsured discount			
f	☑ Medicaid/Medicare			
g	☑ State regulation			
h	☐ Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	**13**	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a	☑ The policy was posted on the hospital facility's website			
b	☑ The policy was attached to billing invoices			
c	☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	☑ The policy was posted in the hospital facility's admissions offices			
e	☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f	☑ The policy was available upon request			
g	☐ Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

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

	Name and address	Type of Facility (describe)
1		
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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
PART I, LINE 3C		AULTMAN HEALTH FOUNDATION IS THE PARENT COMPANY OF ACUTE CARE SPECIALTY HOSPITAL AT AULTMAN (ACSH THEREAFTER) ACSH HAS A FINANCIAL ASSISTANCE POLICY (FAP) WHICH HAS THE SAME PROVISIONS AS THE POLICY FOR AULTMAN HOSPITAL AND OTHER FACILITIES WITHIN AULTMAN HEALTH FOUNDATION ACCORDING TO THE POLICY ALL MEDICALLY NECESSARY SELF PAY PATIENTS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE ELIGIBILITY CRITERIA IS BASED ON THE FEDERAL POVERTY GUIDELINES (FPG) AND ARE UPDATED ANNUALLY BASED ON THE UPDATES PUBLISHED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES THE PERCENT OF ASSISTANCE PROVIDED IS DETERMINED ON AS SLIDING SCALE AS FOLLOWS 0% TO 100% OF FPG RECEIVES A 100% DISCOUNT, 101% TO 150% OF FPG IS DISCOUNTED 90%, 151% TO 200% IS DISCOUNTED 80%, 201% TO 250% IS DISCOUNTED 65%, 251% TO 300% IS DISCOUNTED 55%, 301% TO 350% IS DISCOUNTED 40%, 351% TO 400% IS DISCOUNTED 35%, AND 401% AND ABOVE IS DISCOUNTED 30%
PART I, LINE 6A		Aultman Health Foundation, the parent company, publishes annually its annual report which includes all related organizations' programs and services designed to lead the community to improved health and promote healthy lifestyles This report is available on Aultman's website

Identifier	ReturnReference	Explanation
PART I, LINE 7		THE ORGANIZATION USED THE COST TO CHARGE RATIO CALCULATED IN WORKSHEET 2 OF SCHEDULE H
PART III, LINE 3		Methodology for Bad Debt Related to Charity Care According to ACSH's Financial Assistance Policy (FAP), all medically necessary self-pay patients are eligible for financial assistance (1) Eligibility criteria is based on the Federal Poverty guidelines and are updated annually based on the updates published by the United States of Health and Human Services The FAP discount is based on income and family size Self-pay balances will receive a minimum of 30% discount and up to 100% as long as the necessary Financial Assistance Application is complete Patients must cooperate with the facility to provide the information and documentation necessary to determine eligibility To determine the amount of bad debt expense that potentially could have been attributable to patients eligible under the organizations charity care policy the organization looked at all bad debt balances that were self-pay From this population the organization identified those self-pay balances that did not receive any form of FAP or HCAP discount Because all self-pay patients receive at least a minimum of 30% regardless of income, the assumption was made that if the account had no discount the proper paper work was not turned in to determine eligibility criteria From this remaining population the estimated discount at cost that would have been provided if documentation had been received was calculated by applying the actual FAP distribution of patients who received discounts in 2012 and then multiplying this amount by the cost to charge ratio calculated in worksheet 2 PART III, LINE 4 Patient accounts receivable are reduced by an allowance for amounts that could become uncollectible in the future Premium receivables are carried at original billed amount less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis Premium receivables are considered past due to the extent that there is no related unearned premium Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added The Foundation has determined, based on an assessment at the consolidated entity level, that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for doubtful accounts related to patient revenue is recorded as a deduction from patient service revenue in the accompanying consolidated statements of operations

Identifier	ReturnReference	Explanation
PART III, LINE 8A		ACSH does not have a shortfall with its Medicare patients The costing methodology used in determining the amount reported in line 6 is the Medicare cost report
PART III, LINE 9B		ACSH has a collections policy which has the same provisions as the policy for Aultman Hospital and other facilities within Aultman Health Foundation For those patients known to qualify for charity care or financial assistance, the organization repeatedly offers patients access to financial help during their hospital stay and after as well as with each billing notice Bills are sent to a collection agency as a last resort and only when patients have the ability to pay some portion of their healthcare expenses but decline to do so, when patients decline to work with the organization to determine if they qualify for free or discounted care via federal, state, local or hospital assistance programs, or when the organization is unable to locate the patient or person responsible for the bill PART V, LINE 19D A SLIDING SCALE IS USED TO DETERMINE THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		ACSH assesses the community's health care needs in a variety of ways It studies protocol volume and patient satisfaction surveys It documents medical conditions that thousands of community members and medical staff members can inquire about in the Sharon Lane Health Center health library It tracks attendance at the more than 100 "Health Talk" presentations held each year to determine what topics are of most interest to the community IN 2011, AULTMAN COLLABORATED WITH AREA HOSPITALS AND HEALTH CARE FACILITIES TO CONDUCT A COMMUNITY HEALTH SURVEY THE GOAL WAS TO GAUGE THE HEALTH STATUS AND HEALTH HABITS OF STARK COUNTY RESIDENTS - AND IDENTIFY AREAS WHERE AULTMAN CAN IMPROVE THE HEALTH OF OUR COMMUNITY FIFTEEN QUESTIONS WERE INCLUDED ON THE POLL OF 1,067 STARK COUNTY HOUSEHOLDS THE SURVEY SHOWED ACCESS TO HEALTH INSURANCE COVERAGE AND HEALTH CARE AS THE TOP PRIORITY, ALONG WITH OBESITY AND LACK OF HEALTHY LIFESTYLE CHOICE, OTHER AREAS OF CONCERN WERE PRESCRIPTION DRUG MISUSE, LARGER NEED FOR MENTAL HEALTH SERVICES, AND GREATER ACCESS TO DENTAL CARE THE HOSPITAL IS CURRENTLY IN THE PROCESS OF DEVELOPING ITS IMPLEMENTATION PLAN
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		If able, at the time of registration patients are asked to fill out the hospital care assurance program application which includes contact information for questions and assistance in completing the forms Signs and applications are posted at all points of admissions informing patients of the free care programs which are available In 2010, the application was added to the internet for easy patient access ACSH staff assists self-pay inpatients with the Medicaid process and other programs under which they are eligible for assistance Patients who are unable to be screened during their stay receive follow up assistance with qualifying for the assistance program that most appropriately fits their financial needs The application and contact information for the Outreach department is printed on the back of every patient statement

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION		ACSH encourages its employees and board members to be actively involved in the community ACSH has eleven board members who are actively involved in the community to be representatives of the communitys interests in health care services The Medical Staff is comprised of 248 physicians Any physician in good standing within Aultman Hospitals Medical Staff and with an appropriate specialty to care for medically complex patients may apply for privileges at ACHS ACSH's service area is Northeast Ohio, including Stark, Wayne, Holmes, Carroll and Tuscarawas counties The U S Census Bureau has estimated the 2012 population for these five counties to be over 653,720 The organization is one of only two facilities within these five counties that is considered to be Long-Term Acute Care facilities and who provides the specialization needed to care for patients with such complex medical conditions
PROMOTION OF COMMUNITY HEALTH		ACSH is a wholly owned subsidiary of Aultman Health Foundation Aultman Health Foundation supports and promotes the health of its community members in a variety of ways From educational programs to health screenings, Aultman actively promotes health and wellness in the community Educational programs include more than 100 free Health Talk presentations each year, featuring local physicians and health care professionals The Sharon Lane Health Information Center offers a comprehensive collection of health care and consumer-health materials ranging from books and DVDs available for lending to anatomical models The center is open to patients and their family members, students, physicians and the general public Additional health resources include the A D A M illustrated health encyclopedia on the Aultman website Aultman's Working on Wellness (WOW) mobile health-fair unit debuted in February 2009 Staffed by medical professionals, the WOW van visits schools, community centers, churches, senior centers and neighborhood events to provide free screenings and health education Screenings such as blood pressure checks, height, weight and Body Mass Index/percentage of body fat are provided In 2012, the WOW van has reached more than 20,000 people In 2012, Aultman encouraged members of the community to take a proactive approach to their health The online Health Assessment Center at www aultman org offered free risk assessments for heart disease (HeartAware), joint problems (JointAware), breast, lung, prostate and colorectal cancer (CancerAware), and sleep disorders (SleepAware) Participants received customized reports based on the responses provided during the assessment Those at high risk for health problems were invited for a personal consultation or group presentation with Aultman health professionals In 2012, the "Aware" sites garnered a total of 2,038 hits with an average survey completion rate of 80 percent Additional outreach efforts included a "Wear Red" event to promote womens heart health and "Wellness Week" for Aultman visitors and staff Aultman representatives also attended health fairs throughout the year, including Senior Citizens Day at the Pro Football Hall of Fame, the Canton Farmers' Market, the Senior Expo and health fairs at local schools 2012 marked the third year Aultman hosted the Minority Medical Career Symposium for students interested in becoming doctors, nurses and pharmacists Participants included minority high school students from Stark County schools as well as students in Multi-Development Services of Stark County programs and the Stark State Upward Bound Math-Science Academy The symposium included a career panel discussion with minority physicians, pharmacists and nurses, along with a health care career fair held in conjunction with the Aultman Medical Education Department Aultman's Level III Neonatal Intensive Care Unit, designated by the Ohio Department of Health, is a transfer hospital for the aforementioned counties and Coshocton and Columbiana counties Aultman provides specialized care for mothers with high-risk pregnancies and premature babies, under one roof Critically injured patients who need specialized care are brought to Aultman's Level II Trauma Center Aultman Hospital has the only Level II trauma center for adult and pediatric patients in its five-county service area The Level II designation from the American College of Surgeons certifies Aultman has the facilities, technology and specially trained clinical staff to treat trauma patients In 2012, Aultman Trauma Services was selected to perform research on the treatment of traumatic brain injury (TBI) Aultman was the only Ohio hospital and one of 18 in the United States, along with facilities in Canada and Australia In 2012, Aultman Health Foundation contributed to the betterment of the Stark County community with the following activities Safety First Through the Safety First program, Aultman strives to keep our community's kids safe by preventing head trauma and other bike-related injuries In 2012, hundreds of Aultman employees volunteered to teach nearly 5,000 local first-grade students about bike safety Topics included the importance of wearing a bike helmet and other safety gear, obeying traffic signs and signals, and using hand signals In addition to the in-class education, each student received a free bicycle safety booklet and bike helmet Since the programs inception in 2005, Safety First has reached about 27,000 students with the important message of bicycle safety Health Vision 2020 Aultman launched its Health Vision 2020 initiative in response to a national study (http //www countyhealthrankings org) that ranked every U S County based on factors ranging from low birth weight to diet and exercise to education and unemployment Wanting to make a measurable impact in those health rankings, the Aultman Health Vision 2020 committee targeted tobacco use and obesity in 2012 Aultman provided free educational programs, health screenings and tobacco cessation classes to equip local residents with the tools they need to make healthier lifestyle choices Cancer Screening Day At the annual Cancer Screening Day, 161 patients were screened for breast, cervical, colon, lung, prostate and skin cancers A total of 353 free cancer screenings were performed The Aultman Cancer Center also offered a Breast Screening Day in 2012 to underserved women in the Carrollton area Harvest for Hunger Aultman team members helped hungry people in need by donating 11,168 pounds of food and $43,285 to the Harvest for Hunger campaign, which benefited the Akron-Canton Regional Foodbank United Way Aultman Health Foundation contributed $462,414 to the United Way Employees also supported United Way through the annual Day of Caring, with efforts ranging from cleaning at the Domestic Violence Project in Canton to teaching Junior Achievement in a Day sessions at Cedar Elementary School Neighborhood Cleanup Day More than two dozen Aultman employees and students from nearby St Joseph elementary school teamed up to help beautify Aultman Hospitals surrounding neighborhood They collected trash along the sidewalks and tree lines to celebrate Earth Day in April 2012 Wonderful Week of Giving During the Wonderful Week of Giving in November 2012, the Aultman Blood Center contributed $10 to the Stark County Hunger Task Force for every good blood donation - for a total of $4,200 Fundraising Walks Aultman also supports community endeavors that improve the quality of life for area residents Aultman and its employees support health-related causes such as fundraising walks for the American Cancer Society, American Heart Association, the March of Dimes and Juvenile Diabetes Research Foundation Additional Community Benefit In addition to providing care for patients with no insurance, Aultman also serves thousands of patients covered by programs such as Medicaid Payments from these federally funded programs do not always cover the total cost of service In 2012, Aultman provided services to Medicaid patients resulting in more than $17 4 million in unreimbursed cost Through its resident teaching programs, Aultman delivers a significant level of quality outpatient and inpatient health care to insured, underinsured, and uninsured individuals in our market For members of the Amish community, Aultman offers free transportation to and from doctors' appointments and Aultman Hospital An Amish House is also located adjacent to the Aultman campus, giving visitors a free place to stay when loved ones are hospitalized

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM ROLES		Aultmans board of directors has 38 non-employed members A total of 39 of the 44 voting board members reside in the core market area The remaining portion resides in the tertiary market Community physicians requesting and ultimately qualifying for medical staff privileges would be granted privileges in their respective medical departments

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Canton Regional Chamber of Commerce 222 Market Ave N North Canton, OH 44702	34-0129930	501(C)(6)	85,883				Support
(2) WALSH UNIVERSITY 2020 East Maple N Canton, OH 44720	34-0868798	501(C)(3)	155,000				Support
(3) Arts in Stark 1001 Market Ave N Canton, OH 44702	34-6609771	501(C)(3)	150,000				Support
(4) UNITED WAY OF GREATER STARK COUNTY 4825 HIGBEE AVENUE NW SUITE 101 CANTON, OH 44718	13-4254191	501(C)(3)	101,955				SUPPORT

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

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

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

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

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
SCHEDULE I	PART I, LINE 2	AULTMAN HEALTH FOUNDATION'S (AHF) COMMUNITY SUPPORT POLICY/PROCEDURE PROVIDES GUIDANCE IN RESPONSE TO COMMUNITY ORGANIZATION REQUESTS FOR SUPPORT AHF DEEMS IT BENEFICIAL AND NECESSARY TO BE A GOOD CORPORATE CITIZEN AND WILL CONSIDER SUPPORT OF COMMUNITY ENDEAVORS AND PROJECTS THAT WILL IMPROVE THE LIVES AND LIVELIHOOD OF THE COMMUNITY IT SERVES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
SCHEDULE J	PART I	LINE 1 ALL EMPLOYEES ARE ELIGIBLE TO RECEIVE REIMBURSEMENT FOR HEALTH CLUB COSTS UP TO $120 ANNUALLY AS PART OF THE ORGANIZATION'S EFFORT TO PROMOTE HEALTHY LIFESTYLES LINE 3 SEE SCHEDULE O FOR THE EXPLANATION OF EXECUTIVE COMPENSATION REVIEW LINE 4b EDWARD J ROTH III, CHRISTOPHER E REMARK, RICK L HAINES, EILEEN F GOOD, AND MARK D WRIGHT ARE PARTICIPANTS IN THE ORGANIZATIONS 457(F) PLAN THERE WERE NO PAYOUTS IN 2012

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 34-1445390
Name: AULTMAN HEALTH FOUNDATION

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
EDWARD J ROTH III	(I)	533,365	60,000	6,345	7,500	9,592	616,802	0
	(II)	0	0	0	0	0	0	0
RICK L HAINES	(I)	0	0	0	0	0	0	0
	(II)	355,665	58,800	2,369	7,500	12,702	437,036	0
CHRISTOPHER E REMARK	(I)	0	0	0	0	0	0	0
	(II)	305,265	33,111	741	7,500	10,252	356,869	0
MILAN R DOPIRAK MD	(I)	0	0	0	0	0	0	0
	(II)	294,511	90,851	3,168	7,500	6,497	402,527	0
EILEEN F GOOD	(I)	265,774	31,815	10,100	7,500	7,307	322,496	0
	(II)	0	0	0	0	0	0	0
MARK D WRIGHT	(I)	304,215	31,900	767	7,500	9,593	353,975	0
	(II)	0	0	0	0	0	0	0
RONALD R RUSNAK MD	(I)	295,065	34,600	1,504	4,457	8,279	343,905	0
	(II)	0	0	0	0	0	0	0
MARK N ROSE MD JD	(I)	224,023	24,190	1,329	7,116	10,252	266,910	0
	(II)	0	0	0	0	0	0	0
TIMOTHY S REGULA	(I)	164,504	0	1,167	7,274	12,101	185,046	0
	(II)	0	0	0	0	0	0	0
FRANCIS J SNYDER	(I)	236,166	19,200	1,379	7,500	9,593	273,838	0
	(II)	0	0	0	0	0	0	0
TIMOTHY M TEYNOR	(I)	201,637	0	2,185	5,743	9,593	219,158	0
	(II)	0	0	0	0	0	0	0
ELIZABETH A GETZ	(I)	214,309	20,566	738	6,560	9,261	251,434	0
	(II)	0	0	0	0	0	0	0
SUSAN OLIVERA	(I)	182,581	17,622	660	5,578	8,681	215,122	0
	(II)	0	0	0	0	0	0	0
NICOLE M KOLACZ	(I)	151,607	21,900	157	4,725	7,990	186,379	0
	(II)	0	0	0	0	0	0	0
REBECCA J CROWL	(I)	174,636	20,493	2,790	5,425	7,075	210,419	0
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

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

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	PART III LINE 4D	OTHER EXPENSES INCURRED ARE IN SUPPORT OF AULTMAN HEALTH FOUNDATION'S PURPOSE TO "LEAD OUR COMMUNITY TO IMPROVED HEALTH"

Identifier	Return Reference	Explanation
OTHER IRS FILINGS AND TAX COMPLIANCE	PART V	AULTMAN HEALTH FOUNDATION'S EMPLOYEES ARE PAID BY A COMMON PAYMASTER AULTMAN HEALTH FOUNDATION IS THE PARENT COMPANY WITH THE FOLLOWING SUBSIDIARIES THE AULTMAN FOUNDATION AULTMAN HOSPITAL NORTH CANTON MEDICAL RESOURCES, INC AULTCARE CORPORATION MCKINLEY LIFE INSURANCE COMPANY WEST TUSCARAWAS PROPERTY MANAGEMENT, LLC MCKINLEY ASSURANCE SPC AULTRA ADMINISTRATIVE GROUP AULTMAN ORRVILLE HOSPITAL FOUNDATION PART VI, SECTION A, LINE 1B EDWARD J ROTH III AND MARC L SCHNEIDER ARE PAID EMPLOYEES OF THE ORGANIZATION RICK L HAINES, CHRISTOPHER E REMARK, MILAN R DOPIRAK MD ARE PAID EMPLOYEES OF A RELATED ORGANIZATION Marc Schneider resigned his directorship mid-year and is now an independent contractor of the organization Robert Sabota and Timothy O'Toole perform medical directorship duties for a related organization PART VI, SECTION A, LINE 2 JOHN SIRPILLA AND THEODORE BOYD ARE BOARD MEMBERS OF AULTMAN HEALTH FOUNDATION AND AULTMAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP R CLINT ZOLLINGER ESQ AND SHEILA MARKLEY BLACK ESQ ARE BOARD MEMBERS OF AULTMAN HEALTH FOUNDATION AND AULTMAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP BRIAN BELDEN AND WILLIAM BELDEN ARE BOARD MEMBERS OF THE AULTMAN HEALTH FOUNDATION AND AULTMAN HOSPITAL AND HAVE A FAMILY RELATIONSHIP T STEPHEN GREGORY AND LISA WARBURTON-GREGORY ARE BOARD MEMBERS OF THE AULTMAN HEALTH FOUNDATION AND AULTMAN HOSPITAL AND HAVE A FAMILY RELATIONSHIP FAMILY RELATIONSHIP

Identifier	Return Reference	Explanation
POLICIES	PART VI, SECTION B, LINE 11B	AULTMAN HEALTH FOUNDATION'S FINANCE DEPARTMENT CAREFULLY REVIEWS AND ANALYZES THE TAX RETURN THE DEPARTMENT RECONCILES THE GENERAL LEDGER AMOUNTS TO THE APPROPRIATE SCHEDULES ON THE FORM 990 AND COMPARES THOSE AMOUNTS TO THE AUDITED FINANCIAL STATEMENTS AN INDEPENDENT CPA FIRM ALSO REVIEWS THE 990 IN ADDITION, THE FINANCE DEPARTMENT DOES A COMPARATIVE ANALYSIS TO THE PRIOR YEAR RETURN THE ANALYSIS AND RECONCILIATION SCHEDULES, ALONG WITH A COMPLETE COPY OF THE 990 ARE PROVIDED TO THE CHIEF FINANCIAL OFFICER FOR REVIEW AND APPROVAL A COMPLETE COPY OF THE 990 IS THEN MADE AVAILABLE TO THE BOARD OF DIRECTORS THROUGH A SECURE INTERNET PORTAL PRIOR TO THE FILING DATE

Identifier	Return Reference	Explanation
POLICIES	PART VI, SECTION B, LINE 12C	THE AULTMAN HEALTH FOUNDATION'S BOARD OF DIRECTORS HAS A CONFLICT OF INTEREST POLICY AS A RESULT OF THIS POLICY, EACH YEAR BOARD MEMBERS, OFFICERS, AND SENIOR STAFF COMPLETE A FORM DISCLOSING ANY CONFLICTS OF INTEREST THEY MAY HAVE. THE COMPLIANCE OFFICE REVIEWS THESE DISCLOSURE FORMS AND INFORMS THE BOARD CHAIRMAN, AND OTHER APPROPRIATE OFFICERS, OF NOTABLE CONFLICTS, IF ANY. THOSE WITH CONFLICTS ARE ASKED TO RECUSE THEMSELVES FROM DISCUSSIONS RELATING TO THE CONFLICT

Identifier	Return Reference	Explanation
POLICIES	PART VI, SECTION B, LINE 15A AND 15B	THE AULTMAN HEALTH FOUNDATION AND ITS AFFILIATED ENTITIES USE THE FOLLOWING REFERENCE MATERIALS FOR THE DEVELOPMENT OF EXECUTIVE COMPENSATION OHIO HOSPITAL ASSOCIATION (OHA), MERCER INTEGRATED HEALTH NETWORK, INCLUDING SURVEY DATA FOR BOTH HOSPITALS AND HEALTH PLANS, AND SULLIVAN COTTER AND ASSOCIATES (SCA) ADDITIONAL SOURCES OF SALARY SURVEY DATA ARE AVAILABLE FOR USE WHERE APPROPRIATE INCLUDING COMPDATASURVEYS COM, SALARY COM, AND CHAMPS IN THESE CASES, THE SURVEY IS REFERENCED WHERE APPLICABLE EXECUTIVE PERFORMANCE, WAGE RECOMMENDATIONS, AND BONUS PAYMENTS ARE REVIEWED BY THE COMPENSATION COMMITTEE OF THE AULTMAN HEALTH FOUNDATION BOARD OF DIRECTORS THE COMPENSATION COMMITTEE OF THE AULTMAN HEALTH FOUNDATION BOARD OF DIRECTORS HAS ENGAGED SULLIVAN COTTER & ASSOCIATES, INC , AN INDEPENDENT COMPENSATION CONSULTING FIRM FOR REVIEW OF EXECUTIVE COMPENSATION PRACTICES THE AULTMAN HEALTH FOUNDATION AND ITS AFFILIATED USES ENTITIES THE FOLLOWING REFERENCE MATERIALS FOR THE DEVELOPMENT OF PHYSICIAN COMPENSATION MEDICAL GROUP MANAGEMENT ASSOCIATES (MGMA), AMERICAN MEDICAL GROUP ASSOCIATION (AMGA), HOSPITAL AND HEALTHCARE COMPENSATION SERVICE (HHCS) AND SULLIVAN COTTER AND ASSOCIATES (SCA) IN ADDITION TO SALARY SURVEYS, AULTMAN HOSPITAL ALSO RETAINS AN INDEPENDENT CONSULTING FIRM FOR PHYSICIANS COMPENSATION SERVICES ALL PHYSICIAN COMPENSATION RECOMMENDATIONS ARE SENT TO THE CEO, VP OF PHYSICIAN SERVICES, COO, AND CNO FOR FINAL APPROVAL

Identifier	Return Reference	Explanation
DISCLOSURE	PART VI, SECTION C, LINE 19	AULTMAN HEALTH FOUNDATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST OTHER DISCLOSURE ITEMS In January 2012, the Foundation acquired Orrville Hospital Foundation dba Dunlap Community Hospital (DCH) for approximately $5,992,000 Included in the purchase price is the forgiveness of the $4,752,000 note receivable As a result of the agreement, the entire note receivable balance is classified as a current asset in other receivables on the consolidated balance sheets at December 31, 2011 Additionally, the Foundation has made a five year capital commitment to DCH in the amount of $7,348,000 to be used in conjunction with information technology, facilities, equipment, routine capital and physician and new service development Due to the timing of the closing, the initial accounting for this acquisition has not been finalized or recorded in the Foundation's December 31, 2011 consolidated financial statements Therefore, the estimated fair value of the acquisition components are not yet available

Identifier	Return Reference	Explanation
STATEMENT OF REVENUE	EXPLANATION FOR LINE 3	RETURN ON INVESTMENT FROM AFFILIATE $2,787,838

Identifier	Return Reference	Explanation
STATEMENT OF FUNCTIONAL EXPENSES	EXPLANATION FOR LINE 11G	LTACH Patient Services 2,110,189 Personnel 176,996 Purchased Maintenance 1,865,395 Other Contracted Services 799,343 CONSULTING FEES 1,421,949 TOTAL 6,373,872

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS		GAIN ON ACQUISITION OF ORRVILLE HOSPITAL FOUNDATION $11,007,395 INTERFUND TRANSFER $18,639,844 ADJUSTMENT TO PAID-IN-CAPITAL $120,000 TOTAL $29,767,239

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319085293

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

2012

Open to Public Inspection

Name of the organization
AULTMAN HEALTH FOUNDATION

Employer identification number
34-1445390

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) ACUTE CARE SPECIALTY HOSPITAL 2600 SIXTH ST SW CANTON, OH 44710 13-4246188	MED SERVICE	OH	8,128,979	4,661,392	AHF

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) THE AULTMAN FOUNDATION 2600 SIXTH ST SW CANTON, OH 44710 20-8090459	FUNDRAISER	OH	501(C)(3)	7	AHF	Yes	
(2) AULTMAN COLLEGE OF NURSING AND HEALTH 2600 SIXTH ST SW CANTON, OH 44710 20-1359433	COLLEGE	OH	501(C)(3)	2	Ault Hosp	Yes	
(3) AULTMAN HOSPITAL 2600 SIXTH ST SW CANTON, OH 44710 34-0714538	HOSPITAL	OH	501(C)(3)	3	AHF	Yes	
(4) ORRVILLE HOSPITAL FOUNDATION 832 S MAIN STREET ORRVILLE, OH 44667 34-0733138	HOSPITAL	OH	501(C)(3)	3	AHF	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) WEST TUSCARAWAS PROPERTY MANAGEMENT LLC 2600 SIXTH ST SW CANTON, OH 44710 20-0090246	PROPERTY MGMT	OH	NA	EXCLUDED	-12,105	311,939		No	0		No	5 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) NORTH CENTRAL MEDICAL RESOURCES INC 2600 SIXTH ST SW CANTON, OH 44710 34-1610344	MED EQUIP REN	OH	AHF	C CORP	52,313,003	10,626,075	100 000 %	Yes	
(2) AULTRA ADMINISTRATIVE GROUP 4845 FULTON DR NW CANTON, OH 44718 20-4951704	ADMIN SERVICE	OH	AHF	C CORP	6,402,675	712,641	100 000 %	Yes	
(3) MCKINLEY ASSURANCE SPC PO BOX 1051 GEORGE TOWN, GRAND CAYMANS CJ 98-0468384	PORTFOLIO	CJ	AHF	C CORP	2,566,590	25,384,477	100 000 %	Yes	
(4) AULTCARE INSURANCE COMPANY 2600 SIXTH SW CANTON, OH 44710 34-1624818	INSURANCE	OH	AHF	C CORP	467,471,767	112,832,909	100 000 %	Yes	

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

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

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

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

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

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

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

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

Software ID:
Software Version:
EIN: 34-1445390
Name: AULTMAN HEALTH FOUNDATION

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
NORTH CENTRAL MEDICAL RESOURCES	B	14,569,981	FMV
AULTMAN HOSPITAL	R	16,502,109	FMV
AULTMAN HOSPITAL	Q	2,000,000	FMV
AULTMAN HOSPITAL	J	268,495	FMV
AULTMAN HOSPITAL	K	323,557	FMV
AULTMAN HOSPITAL	P	1,746,539	FMV
AULTMAN HOSPITAL	P	28,539,385	FMV
AULTCARE INSURANCE COMPANY	P	658,068	FMV
AULTRA ADMINISTRATIVE GROUP	P	62,771	FMV
NORTH CENTRAL MEDICAL RESOURCES	P	78,000	FMV
AULTMAN ORRVILLE HOSPITAL	O	242,073	FMV

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Earnings and Profits Other Adjustments Statement

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Description	Amount
DEFERRED REINSURANCE PREMIUMS	1,792

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Earnings and Profits Other Adjustments Statement

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Description	Amount
OUTSTANDING LOSS PROVISION	3,201,703
UNEARNED PREMIUMS	110,687
RETROSPECTIVE PREMIUMS CREDITS	2,362,031
RELATED PARTY PREMIUMS	5,196,740

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Itemized Other Current Assets Schedule

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		REINSURANCE RECOVERABLES	3,177,362	3,285,213
		DEFERRED REINSURANCE PREMIUMS	323,021	321,229
		PREPAID EXPENSES	64,730	65,223
		SECURITIES AVAILABLE FOR SALE	22,821,939	21,067,711

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Other Deductions Schedule

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
LOSSES AND LOSS ADJUSTMENTS EXPENSE		1,182,118
ACTUARIAL FEES		72,000
MANAGEMENT FEES		69,100
AUDIT FEES		32,500
LEGAL FEES		20,536
TRAVEL AND MEETING EXPENSES		51,855
GOVERNMENT FEES		16,775
OFFICE EXPENSES		5,171
REGISTERED OFFICE FEE		1,600
BANK CHARGES		700
ADMINISTRATION EXPENSES		1,050

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Itemized Other Liabilities Schedule

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		UNEARNED PREMIUM RESERVE	1,819,268	1,708,581
		RESERVES FOR LOSSES	15,566,253	12,472,401

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Other Income Statement

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Description	Foreign Amount	Amount
UNEARNED PREMIUMS		110,687
REINSURANCE PREMIUMS		-977,071
DEFERRED REINSURANCE PREMIUMS		-1,792

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319085293

TY 2012 Paid-In or Capital Surplus Reconciliation Statement

Name: AULTMAN HEALTH FOUNDATION

EIN: 34-1445390

Description	Beginning Amount	Ending Amount
PAID IN CAPITAL	118,800	118,800

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MARC L SCHNEIDER DIRECTOR	20 0	X						25,382	0	0
LOUIS G SHAHEEN MD DIRECTOR	1 0	X						0	0	0
DOUGLAS J SIBILA 2ND VICE CHAIR & SECY	1 0	X		X				0	0	0
VICKY L STERLING DIRECTOR	1 0	X						0	0	0
R CLINT ZOLLINGER ESQ DIRECTOR	1 0	X						0	0	0
PAUL R BISHOP DIRECTOR	1 0	X						0	0	0
JEFFERY MILLER MD DIRECTOR/PHYSICIAN	1 0	X						0	0	0
ROBERT SABOTA MD DIRECTOR/PHYSICIAN	1 0 5 0	X						0	30,000	0
JOHN A SIRPILLA DIRECTOR	1 0	X						0	0	0
TODD SOMMER DIRECTOR	1 0	X						0	0	0
BRIAN BELDEN DIRECTOR	1 0	X						0	0	0
MICHAEL RICH MD DIRECTOR	1 0	X						0	0	0
WILLIAM WALLACE MD DIRECTOR	1 0	X						0	0	0
TIMOTHY O'TOOLE MD DIRECTOR	1 0 2 0	X						0	5,000	0
DENISE HILL DIRECTOR	1 0	X						0	0	0
SUE HOSTETLER DIRECTOR	1 0	X						0	0	0
PEGGY R CLAYTOR DIRECTOR	1 0	X						0	0	0
NATE J COOKS DIRECTOR	1 0	X						0	0	0
CHARLES B SCHEURER DIRECTOR	1 0	X						0	0	0
EILEEN F GOOD CEO - POST ACUTE SERVICES	5 0 50 0			X				307,689	0	14,807
MARK D WRIGHT CHIEF FINANCIAL OFFICER - AHF	50 0 5 0			X				336,882	0	17,093
MARK N ROSE MD JD VICE PRESIDENT LEGAL SERVICES	55 0				X			249,542	0	17,368
ELIZABETH A GETZ CHIEF INFO SYSTEMS OFFICER	50 0 5 0				X			235,613	0	15,821
SUSAN OLIVERA VP HUMAN RESOURCES	50 0 5 0				X			200,863	0	14,259
NICOLE M KOLACZ VICE PRESIDENT	40 0				X			173,664	0	12,715

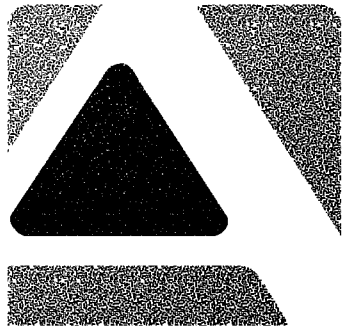
Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
RONALD R RUSNAK MD DIRECTOR-CLINICAL INFORMATICS	5 0 50 0					X		331,169	0	12,736
TIMOTHY S REGULA INTERNAL AUDIT COMPLIANCE	50 0 5 0					X		165,671	0	19,375
FRANCIS J SNYDER VICE PRESIDENT	50 0 5 0					X		256,745	0	17,093
TIMOTHY M TEYNOR VP PUBLIC POLICY	50 0 5 0					X		203,822	0	15,336
REBECCA J CROWL PRESIDENT - COLLEGE OF NURSING	50 0 5 0					X		197,919	0	12,500

Audited Consolidated Financial Statements and Other Financial Information

Aultman Health Foundation and Subsidiaries

December 29, 2012 and December 31, 2011



CONTENTS

Bruner-Cox LLP
Business Consultants & Certified Public Accountants
4505 Stephen Circle NW Suite 200
Post Office Box 35429
Canton, OH 44735 5429
P 330 497 2000 F 330 497 2244
AFS Campus Building
388 South Main Street Suite 403
Akron, OH 44311-4407
P 330 376 0100 F 330 376 0658
6133 Rockside Road Suite 403
Independence, OH 44131-2244
P 216 750 6175 F 216 674 4201
www.bruner-cox.com
An Independently Owned Member McGladrey Alliance
National and International Resources through McGladrey LLP & RSM International

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aultman Health Foundation and Subsidiaries
Canton, Ohio

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Aultman Health Foundation and Subsidiaries which comprise the consolidated balance sheets as of December 29, 2012 and December 31, 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the 52 and 53 weeks then ended and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Board of Directors
Aultman Health Foundation and Subsidiaries

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aultman Health Foundation and Subsidiaries as of December 29, 2012 and December 31, 2011, and the results of its operations and changes in net assets and its cash flows for the 52 and 53 weeks then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brunet · Cox, LLP

Canton, Ohio
May 23, 2013

CONSOLIDATED BALANCE SHEETS

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

December 29, 2012 and December 31, 2011
(Dollars in Thousands)

ASSETS	2012	2011
Current assets		
Cash and cash equivalents	**$ 29,180**	$ 28,826
Patient accounts receivable, less allowance for doubtful accounts of $11,475 in 2012 and $13,476 in 2011	**53,786**	46,404
Premiums receivable, net	**3,106**	2,390
Reinsurance recoverables	**5,661**	4,706
Other receivables	**18,895**	17,385
Inventories of supplies	**4,418**	4,457
Deferred income taxes, net	**5,147**	5,147
Prepaid expenses and other assets	**6,988**	4,697
Total current assets	**127,181**	114,012
Investments		
Board designated	**87,199**	76,620
Of insurance subsidiary	**69,170**	79,759
Of captive insurance subsidiary	**21,068**	22,822
Restricted by donor	**3,137**	3,004
	180,574	182,205
Investment in joint venture	**1,810**	1,706
Property and equipment, net	**266,178**	258,653
Intangible and other assets, net	**3,636**	4,195
	$ 579,379	$ 560,771

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES AND NET ASSETS	2012	2011
Current liabilities		
Unpaid claims and claims adjustment expenses	**$ 33,563**	$ 30,924
Loss and loss-adjustment expenses	**12,472**	15,566
Accounts payable and accrued expenses	**49,393**	45,296
Salaries, wages and payroll taxes	**28,402**	25,643
Estimated third-party payor settlements	**3,636**	4,790
Premiums received in advance	**7,084**	5,440
Accrued contingency	**14,609**	10,100
Total current liabilities	**149,159**	137,759
Long-term liabilities		
Long-term debt	**6,503**	-
Accrued pension liability	**620**	-
Interest-rate swap	**86**	-
Total liabilities	**156,368**	137,759
Net assets		
Unrestricted	**420,311**	420,819
Temporarily restricted	**2,301**	1,794
Permanently restricted	**399**	399
Total net assets	**423,011**	423,012
	$ 579,379	$ 560,771

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011
(Dollars in Thousands)

	2012	2011
OPERATIONS		
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Net patient service revenue	**$ 405,597**	$ 380,219
Provision for doubtful patient accounts	**(29,672)**	(23,720)
Net patient service revenue less provision for doubtful patient accounts	**375,925**	356,499
Premium revenue	**469,294**	439,138
Other revenue	**49,681**	47,777
Net assets released from restrictions for operations	**1,456**	2,609
Total unrestricted revenues, gains and other support	**896,356**	846,023
EXPENSES		
Salaries and benefits	**357,466**	337,949
Medical supplies	**65,505**	66,540
Pharmacy	**20,222**	18,889
Professional fees	**25,471**	18,923
Equipment maintenance	**20,627**	17,112
Administrative and general	**93,901**	87,247
Utilities	**10,904**	9,748
Claims, losses and loss-adjustment expenses	**297,351**	271,027
Depreciation and amortization	**25,025**	23,248
Provision for doubtful accounts	**487**	619
Total expenses	**916,959**	851,302
Loss from operations	**(20,603)**	(5,279)
OTHER INCOME (EXPENSE)		
Investment and other income, net	**16,099**	2,289
Inherent consideration related to acquisition - Note 1	**11,007**	-
Contingency expenses - Note 24	**(6,831)**	(8,784)
Total other income (expense)	**20,275**	(6,495)
Deficiency of revenues over expenses before (provision) benefit for income tax	**(328)**	(11,774)
(PROVISION) BENEFIT FOR INCOME TAX	**(180)**	476
Deficiency of revenues over expenses	**(508)**	(11,298)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND AND CHANGES IN NET ASSETS (CONTINUED)

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011
(Dollars in Thousands)

	2012	2011
CHANGES IN NET ASSETS		
UNRESTRICTED NET ASSETS		
Deficiency of revenues over expenses	**$ (508)**	$ (11,298)
Decrease in unrestricted net assets	**(508)**	(11,298)
TEMPORARILY RESTRICTED NET ASSETS		
Gifts, grants and bequests	**1,963**	2,512
Net assets released from restrictions for operations	**(1,456)**	(2,609)
Increase (decrease) in temporarily restricted net assets	**507**	(97)
Decrease in net assets	**(1)**	(11,395)
NET ASSETS, BEGINNING OF YEAR	**423,012**	434,407
NET ASSETS, END OF YEAR	**$ 423,011**	$ 423,012

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011
(Dollars in Thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	**$ (1)**	$ (11,395)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation and amortization	**25,025**	23,248
Inherent consideration related to acquisition	**(11,007)**	-
Impairment of property	**-**	1,055
Deferred income tax benefit	**-**	(896)
Net realized and unrealized (gains) losses on investments	**(10,793)**	2,314
Provisions for doubtful accounts	**30,159**	24,339
Undistributed (gains) losses of joint venture	**(104)**	223
Restricted contributions received	**(1,963)**	(2,512)
Accrued pension liability	**(179)**	-
Interest-rate swap	**86**	-
Changes in operating assets and liabilities, net of effects from acquisition		
Receivables	**(42,864)**	(32,270)
Inventories of supplies and prepaid expenses	**(726)**	(113)
Trading securities	**14,705**	(6,806)
Unpaid claims and claims adjustment expenses	**2,639**	1,838
Loss and loss-adjustment expenses	**(3,094)**	(81)
Accounts payable, accrued expenses and other liabilities	**9,818**	7,973
Cash provided by operating activities	**11,701**	6,917
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(19,953)**	(17,855)
Collection of notes receivable	**50**	284
Acquisition of subsidiary, net of cash acquired	**90**	-
Cash used in investing activities	**(19,813)**	(17,571)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	**6,503**	-
Proceeds from restricted contributions	**1,963**	2,512
Cash provided by financing activities	**8,466**	2,512
Increase (decrease) in cash and cash equivalents	**354**	(8,142)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**28,826**	36,968
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 29,180**	$ 28,826

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011
(Dollars in Thousands)

	2012	2011
SUPPLEMENTAL SCHEDULES OF INVESTING ACTIVITIES		
During 2012, the Foundation purchased Orrville Hospital Foundation dba Dunlap Community Hospital (Note 1) through both cash and noncash activities as follows		
Working capital acquired, net of cash	**$ 815**	$ -
Fair value of other assets acquired, principally property and equipment	**15,653**	-
Accrued pension liability	**(799)**	-
	15,669	-
Forgiveness of note receivable	**4,752**	-
Inherent consideration received	**11,007**	-
	15,759	-
Cash acquired	**$ (90)**	$ -

The accompanying notes are an integral part of the consolidated financial statements.

Note 1. Description of Business and Significant Accounting Policies

Aultman Health Foundation (Foundation) is the parent holding company of Aultman Hospital and Subsidiaries (Hospital), North Central Medical Resources, Inc. and Subsidiaries (North Central), AultCare Corporation (AultCare), Aultcare Insurance Company and Subsidiary (Aultcare Insurance) (fka McKinley Life Insurance Company and Subsidiary), West Tuscarawas Property Management, LLC (West Tusc.), Acute Care Specialty Hospital at Aultman, LLC (Acute Care), McKinley Assurance SPC (McKinley SPC), Aultra Administrative Group (Aultra), The Aultman Foundation (TAF), Aultman Medical Group (AMG) and Aultman Orrville Hospital (Aultman Orrville). The Foundation's purpose is to provide high quality, low cost integrated health care delivery to the citizens in Stark County, Ohio and the surrounding area.

Premium revenues of Aultcare Insurance and McKinley SPC amount to 52% of unrestricted revenue for the 52 and 53 weeks ended December 29, 2012 and December 31, 2011. Net patient service revenues amount to 42% of unrestricted revenue for the 52 and 53 weeks ended December 29, 2012 and December 31, 2011.

The significant accounting policies followed by the Foundation and its subsidiaries are described below.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its subsidiaries. All material interaffiliated accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Foundation's fiscal year ends on the Saturday nearest December 31. References to 2012 and 2011 refer to the 52 and 53 weeks ended December 29, 2012 and December 31, 2011, respectively. While some of the consolidated entities have a year end of December 31, there has been no adjustment to the December 29 consolidated year end date due to immateriality.

Acquisition

On January 1, 2012, the Foundation acquired Orrville Hospital Foundation dba Dunlap Community Hospital (DCH) an Ohio nonprofit corporation, located in Orrville, Ohio. As a result of the agreement, DCH changed its name to Aultman Orrville Hospital and became a subsidiary of the Foundation. The acquisition will be mutually beneficial and create efficiencies, focused on increasing access to, and improving the quality, efficiency and cost effectiveness of, the essential health care services each provides to its respective communities and thus enhancing the patient care services provided at the facilities operated by the Foundation and DCH. The purchase price paid consisted of forgiveness of a note receivable in the amount of $4,752 (see Note 6) as well as $1,200 of cash and the Foundation recorded inherent consideration in the amount of $11,007 which is reflected in the 2012 statement of operations. Additionally, the Foundation has made a five year capital commitment to Aultman Orrville Hospital in the amount of $7,348 to be used in conjunction with information technology, facilities, equipment, routine capital and physician and new service development. See Note 21 for further acquisition details.

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

Concentration of Credit Risk

The Foundation and its subsidiaries maintain cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Foundation and its subsidiaries have not experienced any losses in such accounts. All cash balances of McKinley SPC are held by financial institutions located in the Cayman Islands. Management does not expect any losses as a result of these concentrations.

Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of consolidated revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts that are included in investments.

Receivables and Provision for Bad Debts

Patient accounts receivable are reduced by an allowance for amounts that could become uncollectible in the future. Premiums receivable are carried at original billed amounts less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Premiums receivable are considered past due to the extent that there is no related unearned premium.

Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added. The Foundation has determined, based on an assessment at the consolidated entity level, that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for doubtful accounts related to patient revenue is recorded as a deduction from patient service revenue in the accompanying consolidated statements of operations.

The amount of the provisions for doubtful accounts, $30,159 and $24,339 for 2012 and 2011, respectively, is based upon management's assessment of the historical and expected net collections.

Inventories of Supplies

The inventories of supplies are stated at the lower of average cost or market value.

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

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Realized gains or losses on investments are based on specific identification method. Investments managed by professional asset managers are accounted for as trading securities and all realized and unrealized gains and losses relating to these investments are included in investment income. Investment income or loss is included in the deficiency of revenues over expenses unless the income or loss is restricted by donor or law.

Investments of the captive insurance subsidiary are considered to be other-than-trading and are recorded in the balance sheets at their fair market value, which is obtained from an independent investment custodian. Significant unrealized gains or losses calculated by reference to cost or amortized cost as appropriate are excluded from the deficiency of revenues over expenses. Realized gains and losses are included in investment income or loss.

Investments include assets set aside by the Board of Directors for various purposes including future capital improvements (referred to as board designated investments), amounts held under statutory requirements for Aultcare Insurance and McKinley SPC and assets restricted by donor.

Accounting for Derivatives and Hedging Activities

The Foundation accounts for its interest-rate swap agreement as a derivative and records it on the consolidated balance sheet at its fair value. Fair value for the Foundation's derivative financial instrument is based on quoted market prices of comparable instruments, or if none are available, on pricing models or formulas using current assumptions. On the date the derivative contract is entered into, the Foundation designates the derivative as either a fair value hedge or a cash-flow hedge. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability, is recorded in the consolidated statement of operations as investment and other income. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are also recorded in the consolidated statement of operations as investment and other income.

Investment in Joint Venture

The Foundation has a joint venture agreement with Union Hospital Association for a radiation oncology center. The investment in joint venture is stated at cost plus equity in undistributed earnings, which does not exceed estimated net realizable value.

Property and Equipment

Property and equipment are recorded at cost less allowances for depreciation. Additions and improvements are capitalized while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

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

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

Intangibles

The Foundation and its subsidiaries have intangible assets, including a right of first refusal, capitalized computer software, and acquired customer relationships. Amortizable intangible assets are reported at cost less accumulated amortization. For consolidated financial statement purposes, amortization is computed using the straight-line method over the assets' estimated lives.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Deficiency of Revenues Over Expenses

The consolidated statements of operations include deficiency of revenues over expenses. Some changes in unrestricted net assets are excluded from deficiency of revenues over expenses. They include unrealized gains and losses on investments other than trading securities and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net Patient Service Revenue

The Hospital and certain other subsidiaries of the Foundation have agreements with third-party payors that provide for payments at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are recognized on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The Hospital provides a sliding scale of discounts for uninsured patients. The Hospital first assists uninsured patients with determining whether they qualify for Medicaid, other Federal or state assistance or charity care. If an uninsured patient does not qualify for these programs, an uninsured discount is applied.

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

Premium Revenue

Premiums are recognized as revenue when due but no earlier than the effective date of coverage. Premiums received prior to the due date are deferred and recorded as premiums received in advance.

Aultcare Insurance provides health insurance to employers and individuals in Stark County and the immediate surrounding counties. McKinley SPC provides primary layer insurance to the Foundation, its subsidiaries, affiliates, employees, and certain non-employed physicians. McKinley SPC also provides excess professional and general liability insurance to the Foundation and its subsidiaries.

Electronic Health Record Incentive Program

The Health Information Technology for Economic and Clinic Health (HITECH) portion of the American Recovery and Reinvestment Act of 2009 included $27 billion in incentives through Medicare and Medicaid reimbursement systems to foster electronic health record (EHR) adoption. In order to be eligible for EHR incentive funding, eligible hospitals and professionals must use a certified EHR, report quality measures, and achieve "meaningful use", as defined by HITECH. The Foundation is entitled to receive Medicare and Medicaid incentive payments for the adoption of certified EHR technology for its eligible hospitals and employed physicians, as the Foundation has satisfied the statutory and regulatory requirements. The Foundation applies the gain contingency model for recognizing incentive revenue. As a result, incentives earned totaling $870 for the year ended December 29, 2012, are included in other revenue. Income from incentive payments are subject to retrospective adjustments as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Foundation's compliance with the meaningful use criteria is subject to audit by the federal government.

Charity Care

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

Hospital Care Assurance Program

The Foundation participates in the Hospital Care Assurance Program (HCAP). Ohio created HCAP to financially support those hospitals that service a disproportionate share of low-income patients unable to pay for care. HCAP funds basic, medically necessary hospital services for patients whose family income is at or below the federal poverty level, which includes Medicaid patients and patients without health insurance. The Foundation recorded net HCAP revenues of $4,220 and $5,311 for 2012 and 2011, respectively, which is included in net patient service revenue in the accompanying consolidated statements of operations. The costs of providing charity care are discussed in Note 19.

Reinsurance

Reinsurance premiums and benefits paid or provided are accounted for on bases consistent with those used in accounting for the original policies' issued and the terms of insurance contracts.

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

Unpaid Claims and Claims Adjustment Expenses

Unpaid claims and claims adjustment expenses represent the estimated ultimate net cost and claims adjustment expenses of all reported and unreported claims incurred through December 29. The reserve for unpaid claims and claims adjustment expenses is estimated using actual historical experience and statistical analyses and is not discounted. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserve for unpaid claims and claims adjustment expenses is adequate. The estimates are continually reviewed and adjusted when necessary as experience develops or new information becomes known; such adjustments are included in current operations in the period they are determined.

Loss and Loss-Adjustment Expenses

The provision for loss and loss-adjustment expenses is determined on the basis of losses reported by the Foundation to McKinley SPC. Management has engaged the services of independent consulting actuaries to advise them on the required level of total outstanding losses. The provision is based upon the advice of these actuaries and represents management's best estimate of the ultimate development of such losses. Management believes that the amounts included in the provision for loss and loss-adjustment expenses are sufficient to cover the ultimate remaining liability for losses incurred prior to the balance sheet date. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the consolidated financial statements.

Changes in estimates of outstanding losses resulting from the continuous review process and differences between estimates and payments are recognized in the period in which they are determined.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

Professional and General Liability Claims

The Foundation and its subsidiaries are insured by McKinley SPC for general liability, professional liability and employment practices liability.

Substantially all of the Hospital's professional liability claims reported after March 15, 2004 are insured through the wholly-owned subsidiary of the Foundation, subject to certain limits. The policy is a retrospectively rated policy for which premiums are subject to adjustment based on the Hospital's claim experience. (See also Note 13.)

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

For claims which were made prior to March 15, 2004, the Hospital is self-insured, with excess insurance purchased through commercial insurance companies. Claims and incidents arising from services provided to patients, whether presently known or unknown, may result in the assertion of claims. To the extent losses are within the Hospital's self-insured retention, losses that are probable and can be reasonably estimated are recognized based on estimates that incorporate the Hospital's experience, as well as other considerations, including the nature of the claim or incident and relevant trend factors. The Hospital's estimated liability for the self-insured portion of professional liability claims is reported in the accompanying consolidated balance sheets.

Income Taxes

The Foundation, Hospital, Aultman Orrville, and TAF are not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. AultCare and Aultra, although incorporated as not-for-profit corporations under Ohio law, conduct business as taxable entities and are subject to Federal income taxes. North Central, AMG and Aultcare Insurance are incorporated as for-profit corporations in accordance with Chapter 1701 of the Ohio Revised Code. West Tusc. and Acute Care are incorporated as limited liability companies in accordance with Chapter 1705 of the Ohio Revised Code. McKinley SPC is a captive insurance company incorporated as a segregated portfolio company in the Cayman Islands where there is presently no taxation imposed on income or premiums by the government of the Cayman Islands. If any form of taxation were to be enacted, McKinley SPC has been granted an exemption therefrom to October 21, 2024.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the *Income Taxes* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is recorded as a liability for unrecognized tax benefits along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

With few exceptions, the Foundation is no longer subject to income tax examinations by tax authorities for years before 2009.

Deferred Taxes

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

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

Reclassifications

Certain information previously reported has been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

In 2012, the Foundation adopted FASB issued guidance which amends the current presentation and disclosure requirements for health care entities that recognize significant amounts of patient service revenue at the time the services are rendered without assessing the patient's ability to pay. This guidance requires health care entities to reclassify the provision for bad debts from an operating expense to a deduction from patient service revenues. In addition, this guidance requires more disclosure on the policies for recognizing revenue, assessing bad debts, as well as quantitative and qualitative information regarding changes in the allowance for doubtful accounts. This guidance is applied retrospectively to all prior periods presented and is effective for the first annual period ending after December 15, 2012. The adoption of this guidance did not have a material impact on the Foundation's consolidated financial position, results of operations or cash flows. Upon adoption of this guidance, the Foundation reclassified the provision for bad debts related to prior period patient service revenue from operating expenses to a reduction in revenue and had no impact on previously reported deficiency of revenue over expenses.

In 2012, the Foundation adopted FASB issued guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011. The guidance primarily impacted the Foundation's disclosures, but otherwise did not have a material impact on the Foundation's consolidated financial statements.

In 2012, the Foundation adopted FASB issued guidance related to accounting for costs associated with acquiring or renewing insurance contracts. This guidance modifies the definitions of the type of costs incurred by insurance entities that can be capitalized in the successful acquisition of new and renewal contracts. This guidance requires incremental direct costs of successful contract acquisition as well as certain costs related to underwriting, policy issuance and processing, medical and inspection and sales force contract selling for successful contract acquisition be capitalized. These incremental direct costs and other costs are those that are essential to the contract transaction and would not have been incurred had the contract transaction not occurred. This guidance is effective for the Foundation for the year beginning January 1, 2012 and is being applied prospectively. The guidance did not have a material impact on the Foundation's consolidated financial statements.

(Dollars in Thousands)

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

Pending Accounting Pronouncements

In July 2011, the FASB issued guidance on fees paid to the federal government by health insurers. The objective of this guidance is to address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. These amendments specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. These amendments are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Foundation is currently evaluating the impact of this guidance on its consolidated financial statements.

Subsequent Events

Subsequent events have been evaluated through May 23, 2013, which is the date the consolidated financial statements were available for issue.

Note 2. Net Patient Service Revenue and Patient Receivables

Net patient service revenue before the provision for doubtful accounts by major payor source for the years ended December 29, 2012 and December 31, 2011 is as follows:

	2012		2011	
Third-party payors	$ 363,711	90%	$ 334,715	88%
Self-pay	41,886	10%	45,504	12%
	$ 405,597	100%	$ 380,219	100%

The Foundation is paid a prospectively determined rate for the majority of inpatient acute care and outpatient, skilled nursing, and rehabilitation services provided (principally Medicare, Medicaid, and certain insurers). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicare payments for capital are received on a prospective basis and on a cost reimbursement methodology for Medicaid. Payments are received on a prospective basis for the Foundation's medical education costs, subject to certain limits. The Foundation is paid for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Foundation and audits thereof by the Medicare fiscal intermediary. Provision for estimated retroactive adjustments, if any, resulting from regulatory matters or other adjustments under payment agreements are estimated in the period the related services are provided.

Note 2. Net Patient Service Revenue and Patient Receivables (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action, and, in the normal course of business, the Foundation is subject to contractual reviews and audits. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. The Foundation believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

Revenue from the Medicare and Medicaid programs accounted for approximately 29% and 4%, respectively, of net patient service revenue for 2012 and 26% and 5%, respectively, of net patient service revenue for 2011.

The Hospital and certain other subsidiaries of the Foundation also have entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations that provide for payments at amounts different from their established rates. The basis for payment under these arrangements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Foundation 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 doubtful accounts. 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 Foundation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, if necessary (for example, for expected uncollectible deductibles and co-payments 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 co-payment balances due for which third-party coverage exists for part of the bill), the Foundation records a provision for doubtful accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Foundation's allowance for doubtful accounts decreased from 92% of self-pay accounts receivable at December 31, 2011, to 89% of self-pay accounts receivable at December 29, 2012. In addition, the Foundation's self-pay write-offs were $32,160 and $19,399 for the years ended December 29, 2012 and December 31, 2011, respectively. The Foundation does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

Note 3. Medicare Premiums

Aultcare Insurance recorded Medicare premiums of approximately $260,200 and $237,368 for 2012 and 2011, respectively. Of these amounts, approximately 90% is received from the Centers for Medicare and Medicaid Services (CMS), a Federal agency under the U. S. Department of Health and Human Services, in 2012 and 2011.

Aultcare Insurance has an arrangement with CMS for certain Medicare products whereby periodic changes in member risk factor adjustment scores, for certain diagnoses codes, result in changes to its Medicare revenue. The risk factor adjustment scores are determined by CMS based on claims data submitted by Aultcare Insurance. Due to the complexity of the calculation, Aultcare Insurance is unable to estimate risk adjusted payments due or receivable in relation to its 2012 and 2011 contracts. Aultcare Insurance recognizes such adjustments when they occur. In 2012 and 2011, Aultcare Insurance recognized approximately $1,204 and $642, respectively, for changes in prior year Medicare risk factor estimates which is recorded as additional premium revenue in the consolidated statements of operations.

During 2012 and 2011, Aultcare Insurance is undergoing a data validation audit covering risk factor adjustment scores related to the 2006 contract. Aultcare Insurance estimated an amount due by applying an expected error rate, as determined based upon internal tracking of sampled enrollees, and an expected average error amount to the amount received for a sample of Medicare enrollees over the contract. The resulting error was projected into the population. Included in accounts payable and accrued expenses in the consolidated balance sheets are accruals of $6,750 and $11,000 at December 29, 2012 and December 31, 2011, respectively, relating to this audit. Because the actual number of errors is not known, it is reasonably possible that this estimate will materially change in the future.

Aultcare Insurance serves as a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with CMS. Payments from CMS under this contract include amounts for premiums, amounts for risk corridor adjustments, and amounts for reinsurance and low-income cost subsidies.

The payments received monthly from CMS and members represent amounts for providing prescription drug insurance coverage. Aultcare Insurance recognizes premium revenues for providing this insurance coverage ratably over the contract period. Premiums received in advance are recorded in premiums received in advance. Pharmacy benefit and administrative costs under the contract are expensed as incurred. As a result of the Medicare Part D product design, Aultcare Insurance incurs a disproportionate amount of benefit costs in the first half of the contract year compared with the last half of the contract year, which ends December 31.

Aultcare Insurance's CMS payment is subject to risk sharing through the Medicare Part D risk corridor provisions. Aultcare Insurance recognizes a risk sharing payable or receivable based on year-to-date activity. The risk corridor provisions compare costs targeted in Aultcare Insurance's annual bid to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to Aultcare Insurance or require Aultcare Insurance to refund to CMS a portion of what was received. Aultcare Insurance estimates and recognizes an adjustment to premium revenues related to these risk corridor provisions based upon pharmacy claims experience to date as if the annual contract were to terminate at the end of the reporting period. Accordingly, this estimate provides no consideration to future pharmacy claims experience.

(Dollars in Thousands)

Note 4. Investments

The principal components of investments in the accompanying consolidated balance sheets at fair value are as follows:

	2012	2011
Cash, cash equivalents and short-term investments	$ 2,403	$ 2,424
Mutual funds	95,877	88,032
Corporate obligations	10,583	10,774
U. S. Government and Agency obligations	54,147	65,369
Marketable equity securities	9,824	7,872
Alternative investments	7,740	7,734
	$ 180,574	$ 182,205

The Foundation and its subsidiaries hold investments in debt and equity securities which are classified as trading and other-than-trading securities. Most of these securities are publicly traded on the national stock exchanges and are considered Level 1 investments (see also Note 20). For 2012 and 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent.

At December 29, 2012 and December 31, 2011, bonds with a value of $500 were held pursuant to Ohio Revised Code 3907.07 to satisfy regulatory requirements.

Investment and Other Income

Investment and other income includes gains (losses) on investments, cash equivalents, and other items which are comprised of the following:

	2012	2011
Investment and other income		
Investment income and net realized gains on sale of securities and other investments	$ 9,397	$ 6,866
Net unrealized gains (losses) on trading securities	6,788	(3,522)
Other unrealized losses on investments	-	(1,055)
Loss on interest-rate swap	(86)	-
	$ 16,099	$ 2,289

There were no other-than-temporary impairment losses on other-than-trading securities for 2012 or 2011.

Investment expenses for 2012 and 2011 amounted to approximately $569 and $538, respectively.

(Dollars in Thousands)

Note 5. Property and Equipment

A summary of property and equipment is as follows:

	2012	2011
Land	$ 35,587	$ 35,875
Land improvements	12,819	11,541
Buildings and fixed equipment	315,367	283,948
Moveable equipment	163,788	144,402
	527,561	475,766
Less accumulated depreciation and amortization	295,802	253,283
	231,759	222,483
Construction in progress	34,419	36,170
Property and equipment, net	$ 266,178	$ 258,653

Depreciation expense for 2012 and 2011 was $24,516, and $22,739, respectively.

Asset Retirement Obligations

The Foundation and its subsidiaries have determined that there is a limited area of their facilities that are subject to legal obligations associated with asset retirements. At December 29, 2012, the Foundation and its subsidiaries have no plans for retiring the affected assets, and management expects that the amount of the legal obligations associated with any such retirements would be immaterial. Should the Foundation and its subsidiaries make plans to retire the aforementioned assets, the fair value of the liability for the legal obligations associated with the asset retirements will be recognized in the period in which it can be reasonably estimated.

Note 6. Notes Receivable

During 2005, the Foundation entered into an agreement obligating it to advance up to $4,000 to another entity for the acquisition, construction, or purchase of equipment for an acute care facility. As of December 29, 2012 the Foundation had advanced $1,229 under this agreement. The balance outstanding on the note receivable is $1,029 and $1,079 at December 29, 2012 and December 31, 2011, respectively.

The Foundation previously had an agreement with DCH which resulted in a note receivable from DCH in the amount of $4,752 at December 31, 2011. As part of the 2012 acquisition of DCH (see Note 1) the Foundation forgave the balance of the note receivable and included it as part of the purchase price.

(Dollars in Thousands)

Note 7. Intangible Assets

Amortization expense recognized on all amortizable intangible assets totaled $509 for 2012 and 2011.

The following is a summary of intangible assets subject to amortization at December 29, 2012 and December 31, 2011:

	2012		2011	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Right of first refusal	$ 5,400	$ 3,240	$ 5,400	$ 2,880
Acquired customer relationships	1,490	1,043	1,490	894
	$ 6,890	$ 4,283	$ 6,890	$ 3,774

The right of first refusal is being amortized over 15 years. The acquired customer relationships are being amortized over 10 years.

Note 8. Short-Term Borrowings

Effective March 6, 2012, the Foundation entered into a revolving line of credit agreement with a bank for $6,400 payable in full, plus accrued interest, on demand. The agreement bears interest at a floating rate 70 basis points above the 30-day LIBOR rate. There was no balance outstanding related to this line of credit at December 29, 2012.

Note 9. Long-Term Debt

Effective March 6, 2012, the Foundation entered into an agreement with a bank to borrow up to $18,600, as described below.

Long-term debt consists of the following:

	2012	2011
Interest only $18,600 draw-down note payable to a financial institution through March 6, 2014; quarterly installments equaling the outstanding principal amount amortized over 60 months plus interest due thereafter; interest is charged at 70 basis points above the 30-day LIBOR rate (.91% at December 29, 2012)	$ 6,503	$ -

The maturity of the long-term debt for the five years subsequent to December 29, 2012 is as follows:

2013	$ -
2014	325
2015	1,301
2016	1,301
2017	1,301

(Dollars in Thousands)

Note 10. Interest-Rate Swap Agreement

The Foundation maintains an interest-rate risk-management strategy that uses interest rate swap derivative instruments to minimize significant, unanticipated revenue or expense fluctuations caused by interest-rate volatility. The Foundation's specific goal is to lower (where possible) the cost of its borrowed funds.

At December 29, 2012, the Foundation had outstanding one interest-rate swap agreement with a commercial bank, having total notional principal in the approximate amount of $10,000. The Foundation uses interest-rate swap to convert a portion of its variable-rate debt to fixed rate as highly effective cash-flow hedge. The agreement effectively changes the Foundation's interest-rate exposure on this floating rate note to a fixed rate of 1.86%. The differential to be paid or received on the swap agreement is accrued as interest rates change and is recognized in interest expense over the life of the agreement. The interest-rate swap agreement matures at the time the related note matures. The Foundation has recorded a long-term liability of $86 as of December 29, 2012 relating to this agreement.

The effective portion of the gain or loss on this interest rate swap is reported as investment and other income in the consolidated statement of operations in the same period or periods during which the hedged transaction affects the consolidated statement of operations. Gains and losses on the interest rate swap representing either hedge ineffectiveness or excluded from the assessment of hedge effectiveness are recognized in the consolidated statement of operations as investment and other income.

Note 11. Income Taxes

Net deferred tax assets consist of the following components as of December 29, 2012 and December 31, 2011:

	2012	2011
Deferred tax assets		
Accrued expenses	$ 793	$ 733
Receivable allowances	3,130	3,066
Other	4,189	5,178
Loss carryforwards	31,400	24,901
	39,512	33,878
Less valuation allowance	(34,261)	(28,563)
	5,251	5,315
Deferred tax liabilities		
Depreciation and amortization	-	(61)
Other	(104)	(107)
	(104)	(168)
	$ 5,147	$ 5,147

(Dollars in Thousands)

Note 11. Income Taxes (Continued)

Deferred tax assets have been classified in the accompanying consolidated balance sheets as follows:

	2012	2011
Deferred income taxes (current)	$ 5,147	$ 5,147

As of December 29, 2012 and December 31, 2011, the Foundation and its subsidiaries recorded valuation allowances of $34,261 and $28,563, respectively, on the deferred tax assets to reduce the total to an amount that management believes will ultimately be realized. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. The net change in the valuation allowance was an increase of $5,698 for 2012 and $4,194 for 2011.

Loss carryforwards for tax purposes of approximately $92,353 at December 29, 2012 will expire in years beginning 2016 through 2032.

The (provision) benefit for income tax expense for 2012 and 2011 consists of the following:

	2012	2011
Current tax expense	$ (180)	$ (420)
Deferred tax benefit	-	896
	$ (180)	$ 476

Note 12. Reinsurance Agreements

Certain premiums and benefits of Aultcare Insurance and McKinley SPC are ceded to other insurance companies under reinsurance agreements. The ceded reinsurance agreements provide Aultcare Insurance and McKinley SPC with increased capacity to write larger risks and maintain its exposure to loss within their capital resources.

For 2012 and 2011, Aultcare Insurance has a reinsurance agreement with Zurich American Insurance Company for its commercial and individual medical businesses. The agreement provides for indemnification of 100% of eligible incurred claim expenses for fully-insured and self-insured individuals in excess of $325, to a maximum of $675 per covered person per agreement year, less Aultcare Insurance's retention and reimbursable amount.

For April 2012 through March 2013 and April 2011 through March 2012, Aultcare Insurance has reinsurance agreements with Zurich American Insurance Company for its Medicare business. The agreements provide for indemnification of 100% of eligible incurred claim expenses per covered person(s) in excess of $250, to a maximum of $2,000 per covered person per agreement year, less the Aultcare Insurance's retention and reimbursable amount.

Note 12. Reinsurance Agreements (Continued)

For April 2010 through March 2011, Aultcare Insurance has a reinsurance agreement with Zurich American Insurance Company for its Medicare business. The agreement provides for indemnification of 90% of eligible incurred claim expenses per covered person(s) in excess of $250, to a maximum of $2,000 per covered person per agreement year, less Aultcare Insurance's retention and reimbursable amount.

For 2012 and 2011, Aultcare Insurance has dollar-for-dollar reinsurance agreements with ACE American Insurance Company for its commercial and individual medical businesses. The agreement provides for indemnification of 100% of in-network eligible incurred transplant claim expenses for fully-insured and self-insured individuals up to a maximum of $2,000 per covered person per agreement year. The agreements provide for indemnification of 70% of out-of-network eligible incurred transplant claim expenses for fully-insured and self-insured individuals up to a maximum of $1,000 per covered person per agreement year.

McKinley SPC reinsures a portion of its risk in order to limit its exposure to losses. Reinsurance contracts do not relieve the obligations to the policyholders. Failure of reinsurers to honor their obligations could result in losses to McKinley SPC. Consequently, McKinley SPC evaluates the financial conditions of its reinsurers and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

Aultcare Insurance and McKinley SPC would still be liable to pay the full amount of outstanding losses should any of its reinsurers fail to meet their obligations under the reinsurance agreements. In the opinion of management, based on review of Aultcare Insurance and McKinley SPC's reinsurers, any amount that would become payable are presently considered collectible.

Reinsurance premium expenses were approximately $11,580 and $11,694 for 2012 and 2011, respectively. Amounts received from reinsurers are reported as reductions to claims expense.

(Dollars in Thousands)

Note 13. Unpaid Claims and Claims Adjustment Expenses, Loss and Loss-Adjustment Expenses

The liabilities for unpaid claims and claims adjustment expenses and loss and loss-adjustment expenses of Aultcare Insurance and McKinley SPC are based on the estimated amount payable on claims and losses reported prior to the balance sheet date that have not yet been settled.

Activity in the liability for unpaid claims and claims adjustment expenses and loss and loss-adjustment expenses is summarized as follows:

	2012	2011
Balance, beginning of year	$ 46,490	$ 37,550
Less reinsurance recoverables	(4,706)	(3,073)
Net balance, beginning of year	41,784	34,477
Amount incurred, related to		
Current year	311,219	282,019
Prior years	(6,590)	(4,249)
Total incurred	304,629	277,770
Amount paid related to		
Current year	276,795	243,894
Prior years	29,245	26,569
Total paid	306,040	270,463
Net balance, end of year	40,373	41,784
Plus reinsurance recoverables	5,662	4,706
Balance, end of year	$ 46,035	$ 46,490

As a result of changes in estimates of insured events in prior years, the provisions above (net of reinsurance recoveries of $4,607 and $4,935 for 2012 and 2011, respectively) decreased by $6,590 in 2012 and by $4,249 in 2011. The changes in the provisions were primarily the result of settling case-basis provisions for amounts that were different than expected.

Independent consulting actuaries have been engaged to evaluate the required provision for the outstanding claims on losses. In their calculation, the actuaries have used industry-based data as well as the historical loss data of the insureds which together may or may not be representative of Aultcare Insurance and McKinley SPC's ultimate liabilities under the insurance written.

Management believes that the amounts included in the provision for claims and losses and claims and loss expenses is sufficient to cover Aultcare Insurance and McKinley SPC's ultimate remaining liability for claims and losses incurred prior to the balance sheet date. However, the liability for such claims and losses is ultimately based on management's reasonable expectation of future events. It is reasonably possible that the expectations associated with these amounts could change in the near term and that the effect of such changes could be material to the consolidated financial statements.

(Dollars in Thousands)

Note 14. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Health care services		
Purchase of equipment	$ 606	$ 314
Health education and research	1,361	1,369
Other	334	111
	$ 2,301	$ 1,794

Permanently restricted net assets in the amount of $399 at December 29, 2012 and December 31, 2011 are restricted to investments to be held in perpetuity. The income is expendable to support chaplaincy services.

During 2012 and 2011, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of purchase of equipment, incurring expenses of indigent care and health care education and research and other programs in the amount of $1,456 and $2,609, respectively.

Note 15. Employee Benefit Plans

The Foundation has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation ranging from 1% to 20%. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds.

Charges to expense related to this plan were approximately $9,893 and $9,381 for 2012 and 2011, respectively.

In addition, the Foundation sponsors a salary deferral plan under Section 403(b) of the Internal Revenue Code. Effective January 1, 2011, plan participants were no longer permitted to make contributions to this plan. The present intention is to terminate this plan at a future date and permit the transfer of the account balances and deposit of any future contributions to the Foundation's 401(k) plan.

The Foundation also sponsors a deferred compensation plan for a select group of executives. The plan allows participants to defer compensation up to certain limits. Participants shall be fully vested in all funds credited to their account. At December 29, 2012 and December 31, 2011, the total value of plan assets was $4,930 and $3,908, respectively.

(Dollars in Thousands)

Note 16. Pension Plan

As part of the acquisition of Aultman Orrville, the Foundation now sponsors a noncontributory defined benefit pension plan for certain Aultman Orrville employees. Effective December 31, 2008, the plan was amended to freeze pension benefits and cease all future benefit accruals. Eligible employees of Aultman Orrville are now permitted participate in the Foundation's 401(k) plan (see Note 15).

The following table sets forth the funded status and the approximate amount recognized in the consolidated balance sheet for pension benefits at December 29, 2012:

Obligations and Funded Status

Fair value of plan assets	$	2,157
Benefit obligations		2,777
Funded status (plan assets less than benefit obligations) at end of year	$	(620)
Amounts recognized on balance sheets as:		
Noncurrent liability	$	(620)
Amounts recognized in changes in unrestricted net assets consist of:		
Net loss	$	402
As the plan has an accumulated benefit obligation in excess of assets, the following aggregate amounts are presented:		
Projected benefit obligations	$	2,777
Accumulated benefit obligations		2,777
Plan assets		2,157

Note 16. Pension Plan (Continued)

Net periodic benefit cost and other amounts recognized in unrestricted net assets:

Net periodic benefit cost	$	2
Other changes in plan assets and benefit obligations recognized in changes in unrestricted net assets:		
Net loss		27
Amortization of net gain		(18)
Total recognized in other comprehensive income		9
Total recognized in net periodic benefit cost and changes in unrestricted net assets	$	11

Assumptions

Weighted-average assumptions used in computing ending obligations:	
Discount rate	4.00%
Weighted-average assumptions used in computing net cost:	
Discount rate	4.25%
Expected return on plan assets	7.00%

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premium for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted-average rate was developed based on those overall rates and the target asset allocation of the Plan.

The Foundation recognizes its overall responsibility to ensure that the assets of the Plan are managed effectively and prudently and in compliance with its policy guidelines and all applicable laws. Asset preservation is important, however, the Foundation also recognizes that appropriate levels of risk are necessary to achieve satisfactory long-term results consistent with the objectives and the fiduciary character of the pension plan. The asset allocation is established taking into consideration projected plan liabilities, benefit payments, and expected rates of return for various asset classes. The expected rate of return for the investment portfolio is based on expected rates of return for various investment classes, as well as the historical class and fund performance.

(Dollars in Thousands)

Note 16. Pension Plan (Continued)

The fair values of the Foundation's pension plan assets by asset category are as follows:

	December 29, 2012			
	Total	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Asset category				
Money Market instruments	$ 70	$ 70	$ -	$ -
Mutual funds				
Debt investments	674	674	-	-
Equity investments	1,413	1,413	-	-
Total plan assets at fair value	$ 2,157	$ 2,157	$ -	$ -

Cash Flows

Employer contributions:	
2013	$ 36

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

Benefit payments:	
2013	$ 100
2014	218
2015	162
2016	154
2017	155
2018-2022	861

(Dollars in Thousands)

Note 17. Credit Risk

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

	2012		2011	
Medicare	32	%	33	%
Medicaid	12		11	
Commercial	21		24	
Other third-party payors	35		32	
	100	%	100	%

Concentrations of credit risk with respect to premiums receivable are limited due to the large number of customers comprising Aultcare Insurance's customer base. Accordingly, Aultcare Insurance does not believe any significant concentrations of credit risk exist at December 29, 2012 or December 31, 2011.

Aultcare Insurance manages any exposure to credit risk on their reinsurance recoverables by dealing only with reinsurers with strong ratings.

Aultcare Insurance evaluates the financial condition of their reinsurers and monitors concentrations of credit risk of their reinsurers to minimize exposure to losses from reinsurer insolvencies.

Note 18. Functional Expenses

The Foundation provides health care services. Expenses related to providing these services are as follows:

	2012	2011
Health care services	$ 742,737	$ 689,555
General and administrative	174,222	161,747
	$ 916,959	$ 851,302

Note 19. Charity Care

The Hospital provided a substantial amount of the area's total care for patients having no private or governmental health insurance and no significant level of income. Management's estimates consider uncompensated care to include charity care and Medicaid shortfall. Charity care consists of the direct and indirect costs of services for care given to patients who are unable to pay based on pre-established criteria. Medicaid shortfall is management's estimate of the difference between the payments received for and the direct and indirect costs of care provided to patients who are covered by the government entitlement program of Medicaid. The Hospital estimated these costs by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients. The charity care policy is subject to periodic review and change based on management's analysis of current economic and regulatory factors.

A summary of the estimates of uncompensated care follows:

	2012	2011
Charity care	$ 9,959	$ 9,224
Medicaid shortfall	27,483	19,395

Note 20. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments:

Cash, cash equivalents, accounts receivable, unpaid claims, accounts payable, and accrued liabilities: The carrying amounts approximate fair value due to the short maturity of these instruments.

Notes receivable: The carrying amount is cost, which is not materially different from their estimated fair values.

Interest-rate swap liability: The carrying amount is the estimated amount the Foundation would owe to terminate this agreement at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets and creditworthiness of the Foundation for liabilities.

Long-term debt: The carrying amount approximates fair value due to the variable interest rate fluctuating with market interest.

Investments: The tables below present investments measured at fair value on a recurring basis by level within the valuation hierarchy.

(Dollars in Thousands)

Note 20. Fair Value of Financial Instruments (Continued)

December 29, 2012	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash, cash equivalents and short-term investments	$ 2,403	$ 2,403	$ -	$ -
Mutual funds	95,877	74,809	21,068	-
Corporate obligations	10,583	10,583	-	-
U S Government and Agency obligations	54,147	54,147	-	-
Marketable equity securities				
Small cap value funds	5,258	5,258	-	-
Mid cap growth funds	4,566	4,566	-	-
Alternative investments				
Hedge funds	5,207	-	-	5,207
Global real estate securities	2,533	2,533	-	-
Total assets	$ 180,574	$ 154,299	$ 21,068	$ 5,207
Interest-rate swap liability	$ 86	$ -	$ 86	$ -
December 31, 2011				
Cash, cash equivalents and short-term investments	$ 2,424	$ 2,424	$ -	$ -
Mutual funds	88,032	65,210	22,822	-
Corporate obligations	10,774	10,774	-	-
U S Government and Agency obligations	65,369	65,369	-	-
Marketable equity securities				
Small cap value funds	3,924	3,924	-	-
Mid cap growth funds	3,948	3,948	-	-
Alternative investments				
Hedge funds	5,685	-	-	5,685
Global real estate securities	2,049	2,049	-	-
Total assets	$ 182,205	$ 153,698	$ 22,822	$ 5,685

Note 20. Fair Value of Financial Instruments (Continued)

During the 52 weeks ended December 29, 2012, the Foundation did not make significant transfers between Level 1, Level 2, and Level 3 assets and liabilities.

McKinley SPC has used the net asset values per share (NAV) as the practical expedient to measure fair value. As at December 29, 2012, McKinley SPC held investments in the following mutual funds, which are categorized as Level 2:

a) Vanguard US Government Bond Index: This fund seeks to provide returns consistent with the performance of the Barclays Capital Global Aggregate U.S. Government Bond Index, a market-weighted index of the U.S. government market with an intermediate-term average-weighted maturity.
b) Vanguard US Investment Grade Credit Index: This fund seeks to provide returns consistent with the performance of the Barclays Global Aggregate U.S. Credit Float Adjusted Bond Index, a market weighted bond index of U.S. dollar-denominated investment-grade securities.
c) Vanguard U.S. Ultra Short Term Bond Fund: This fund seeks to provide current income with limited price volatility. The fund invests principally in high-quality, ultra-short-term debt instruments traded primarily in the United States, including securities backed by the full faith and credit of the U.S. Government, securities issued by the U.S. Government agencies, and securities issued by corporations and financial institutions.
d) Vanguard 500 Stock Index Fund: This fund seeks to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by stocks of large U.S. companies.
e) Vanguard Global Stock Index Fund: This fund seeks to provide long-term growth of capital by tracking the performance of the Morgan Stanley Capital International World Free Index, a market-capitalization-weighted index of common stocks of companies in developed countries.
f) Vanguard Global Small Cap Index: This fund seeks to provide long-term growth of capital by tracking the performance of the Morgan Stanley World Small Cap Index, a market-capitalization-weighted index of small-cap companies in developed countries.

The above funds do not impose redemption penalties and do not have a redemption notice period. In addition, there are no unfunded commitments.

The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement. The following tables include a reconciliation of the amounts of financial instruments measured at fair value on a recurring basis classified within Level 3.

(Dollars in Thousands)

Note 20. Fair Value of Financial Instruments (Continued)

	Fair Value Measurements Using Level 3 Inputs				
December 29, 2012	Beginning balance	Reclassification of securities to Level 2	Purchases and sales	Gains (losses) included in deficiency of revenues over expenses	Ending balance
Investments					
Alternative investments	$ 5,685	$ -	$ (708)	$ 230	$ 5,207
Total	$ 5,685	$ -	$ (708)	$ 230	$ 5,207
December 31, 2011					
Investments					
Alternative investments	$ 5,876	$ -	$ -	$ (191)	$ 5,685
Total	$ 5,876	$ -	$ -	$ (191)	$ 5,685

Realized and unrealized gains and losses reported above are included in investment and other income in the consolidated statements of operations. Gains and losses reported above relate to investments still held at the reporting date.

Note 21. Acquisition

On January 1, 2012, the Foundation acquired Aultman Orrville Hospital (see Note 1) in a business combination using the acquisition method of accounting which requires the acquired assets and liabilities to be initially recorded at fair value. The following table presents the approximate fair value of the acquired assets and liabilities of Aultman Orrville Hospital as of the date of the acquisition.

Cash	$ 1,290
Accounts receivable	2,610
Inventory	242
Property and equipment, net	12,088
Investments	2,281
Other assets	1,284
Total assets	$ 19,795
Accounts payable and accrued expenses	$ 2,037
Accrued pension liability	799
Total liabilities	$ 2,836

The consolidated statements of operations includes the operating results from the date of acquisition. Total unrestricted revenues, gains and other support attributable to Aultman Orrville Hospital for the year ended December 29, 2012 amounted to $22,070. The increase in net assets attributable to Aultman Orrville Hospital for the year ended December 29, 2012 amounted to $16,826.

(Dollars in Thousands)

Note 22. Capital and Surplus Requirement and Statutory Basis Net Loss

Aultcare Insurance is required to maintain capital and surplus of $1,500 for regulatory purposes. At December 29, 2012 and December 31, 2011, Aultcare Insurance's statutory basis capital and surplus were $58,364 and $57,436, respectively.

In addition, life/health insurance companies are subject to certain Risk-Based Capital (RBC) requirements as specified by the National Association of Insurance Commissioners. Under those requirements, the amount of capital and surplus maintained by a life/health insurance company is to be determined based on the various risk factors related to it. At December 29, 2012 and December 31, 2011, Aultcare Insurance met the RBC requirements.

The payment of dividends by Aultcare Insurance to its parent is limited and cannot be made except from earned profits. The maximum amount of dividends that may be paid by health insurance companies without prior approval of the Ohio Department of Insurance Commissioner is subject to restrictions related to statutory surplus and net income. In 2013, without prior approval of the Ohio Department of Insurance Commissioner, dividends to shareholders are limited by the laws of the Aultcare Insurance's state of incorporation, Ohio, to an amount that is based on restrictions relating to statutory surplus and net income.

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011, Aultcare Insurance had statutory basis net loss of $313 and $3,111, respectively.

Note 23. Commitments

Operating Leases

The Foundation and its subsidiaries lease equipment under noncancelable leases expiring in various years through 2017. Rental expense for all operating leases was $13,915 and $12,138 for 2012 and 2011, respectively. The following is a schedule by years of future minimum lease payments under operating leases with terms in excess of one year as of December 29, 2012:

2013	$	6,130
2014		4,253
2015		2,341
2016		973
2017		21
	$	13,718

Commitments

The Hospital has entered into agreements with medical practices to provide medical services to the Hospital. The agreements call for monthly payments over terms expiring through 2015. The agreements call for medical services to be provided for a variable number of hours of services at fixed hourly rates.

Note 24. Contingencies

Litigation

On or about December 27, 2007, CSAHS/UHHS-Canton, Inc. d/b/a Mercy Medical Center ("Mercy"), a competitor of Aultman Hospital in Stark County, Ohio, filed an action in the Stark County Court of Common Pleas against Aultman Health Foundation, AultCare Corporation, Aultman Hospital, and AultCare Insurance Company (formerly McKinley Life Insurance Company) (collectively, "Defendants").

Mercy alleged that the four Defendants had each, among other things, violated Ohio's antitrust laws, tortuously interfered with Mercy's business relationships, engaged in unfair competition and deceptive practices, participated in a civil conspiracy, and violated Ohio's Pattern of Corrupt Activities Statute. The action went to trial, and in June, 2010, the jury rendered judgment in favor of the Defendants on five of the six Mercy claims that were still at issue by that time. With respect to the sixth claim, for an alleged violation of Ohio's Patten of Corrupt Activities Statute, the jury found "Aultman" liable to Mercy for $6,148 in damages. Mercy had sought $110,000 in damages.

On October 19, 2010, the trial judge overruled the four Defendants' motion for judgment notwithstanding the verdict and for a new trial, but denied Mercy's claim for prejudgment interest. The trial judge also granted Mercy injunctive relief and attorneys fees of $4,000. Neither the one verdict on which Mercy prevailed nor any of the Court's October 19 orders allocated the jury's award among the four Defendants. The four Defendants appealed the jury verdict and the judge's orders on October 22, 2010. On March 5, 2012, the Court of Appeals affirmed the monetary awards to Mercy, but reversed the Trial Court's injunctive relief requiring payments to non-parties. On April 19, 2012, the Defendants filed an appeal to the Ohio Supreme Court. On July 25, 2012, the Ohio Supreme Court accepted jurisdiction to hear that appeal. The parties' merit briefing was complete on December 21, 2012. On January 8, 2013, the Court scheduled oral Arguments for April 9, 2013. On January 14, 2013, Mercy filed a motion to dismiss the appeal as improvidently allowed, based in part on the change in Ohio Supreme Court Justices following the November 2012 elections. Defendants and several amici filed oppositions to the motion to dismiss on January 24, 2013. The Court granted Mercy's motion to dismiss without a written opinion on March 13, 2013. Since the trial court judgment, Aultman Health Foundation has included the damages and attorneys' fees judgments, as well as accrued interest at the statutory rate, on its consolidated balance sheet as a liability.

Note 24. Contingencies (Continued)

Health Care Reform

Federal Health Care Reform legislation, as well as expected additional changes in federal or state regulations, could adversely affect the Foundation's business, cash flows, financial condition and results of operation.

The passage of the Patient Protection and Affordable Care Act, or Affordable Care Act, as well as the Health Care and Education Reconciliation Act of 2010, or HCERA, or collectively, Health Care Reform, during 2010 represents significant changes to the current U.S. health care system. The legislation is far-reaching and is intended to expand access to health insurance coverage over time by increasing the eligibility thresholds for most state Medicaid programs and providing certain other individuals and small businesses with tax credits to subsidize a portion of the cost of health insurance coverage. The legislation includes a requirement that most individuals obtain health insurance coverage beginning in 2014 and also a requirement that certain large employers offer coverage to their employees or pay a financial penalty. In addition, the new laws include certain new taxes and fees, including an excise tax on high premium insurance policies, limitations on the amount of compensation that is tax deductible and new fees on companies in health insurance industry, some of which will not be deductible for income tax purposes.

The legislation also imposes new regulations on the health insurance sector, including, but not limited to, guaranteed coverage requirements, prohibitions on some annual and all lifetime limits on amounts paid on behalf of or to members, increased restrictions on rescinding coverage, establishment of minimum medical loss ratio requirements, a requirement to cover preventive services on a first dollar basis, the establishment of state insurance exchanges and essential benefit packages and greater limitations on how certain products are priced. The legislation also reduces the reimbursement levels for health plans participating in the Medicare Advantage program over time.

Some of the provisions of the Health Care Reform legislation became effective immediately upon enactment, while other provisions will become effective over the next several years. These changes could impact the Foundation through potential disruption to the employer-based market, potential cost shifting in the health care delivery system to insurance companies and limitations on the ability to increase premiums to meet costs. The Foundation will dedicate material resources and incur material expenses to implement and comply with Health Care Reform at both the state and federal levels, including implementing and complying with the future regulations that will provide guidance on and clarification of significant portions of the legislation. The Health Care Reform law and regulations are likely to have significant effects on the Foundation's future operations, which in turn, could impact the value of the Foundation's business model and results of operations.

In addition, federal and state regulatory agencies may further restrict the Foundation's ability to obtain new product approvals, implement changes in premium rates or impose additional restrictions, under new or existing laws that could adversely affect the Foundation's business, cash flows, financial condition and results of operations.

CONSOLIDATING BALANCE SHEET

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

December 29, 2012
(Dollars in Thousands)

ASSETS	Consolidated	Eliminations	Aultman Health Foundation	Aultman Hospital and Subsidiaries	Aultman Medical Group
Current assets					
Cash and cash equivalents	$ 29,180	$ -	$ -	$ 8,925	$ 12
Patient accounts receivable, net	53,786	(1,115)	-	46,444	413
Premiums receivable, net	3,106	-	-	-	-
Reinsurance recoverables	5,661	-	-	-	-
Other receivables	18,895	(4)	-	5,857	69
Inventories of supplies	4,418	-	-	2,843	-
Deferred income taxes, net	5,147	-	-	453	-
Prepaid expenses and other assets	6,988	(2,900)	1,724	3,396	-
Total current assets	127,181	(4,019)	1,724	67,918	494
Investments					
Board designated	87,199	-	86,070	-	-
Of insurance subsidiary	69,170	-	-	-	-
Of captive insurance subsidiary	21,068	-	-	-	-
Restricted by donor	3,137	-	-	3,137	-
	180,574	-	86,070	3,137	-
Investment in joint venture	1,810	-	-	1,810	-
Property and equipment, net	266,178	(5)	10,380	231,079	-
Investments in affiliates	-	(183,746)	175,019	-	-
Intangible and other assets, net	3,636	-	3,189	-	-
	$ 579,379	$ (187,770)	$ 276,382	$ 303,944	$ 494

North Central Medical Resources, Inc and Subsidiaries	AultCare Corporation	Aultcare Insurance Company and Subsidiary	West Tuscarawas Property Management, LLC	Acute Care Specialty Hospital at Aultman, LLC	McKinley Assurance SPC	Aultra Administrative Group	The Aultman Foundation	Aultman Orrville Hospital
$ 2,634	$ -	$ 8,714	$ -	$ 4,256	$ 620	$ 52	$ 17	$ 3,950
4,744	-	-	-	381	-	-	-	2,919
-	-	3,080	-	-	26	-	-	-
-	-	2,376	-	-	3,285	-	-	-
1,198	988	8,864	165	-	-	126	-	1,632
1,242	10	-	-	-	-	-	91	232
-	-	4,694	-	-	-	-	-	-
318	235	3,315	3	25	387	66	-	419
10,136	1,233	31,043	168	4,662	4,318	244	108	9,152
-	-	-	-	-	-	-	878	251
-	-	69,170	-	-	-	-	-	-
-	-	-	-	-	21,068	-	-	-
-	-	-	-	-	-	-	-	-
-	-	69,170	-	-	21,068	-	878	251
-	-	-	-	-	-	-	-	-
487	4,348	-	8,863	-	-	21	-	11,005
-	-	8,727	-	-	-	-	-	-
-	-	-	-	-	-	447	-	-
$ 10,623	$ 5,581	$ 108,940	$ 9,031	$ 4,662	$ 25,386	$ 712	$ 986	$ 20,408

CONSOLIDATING BALANCE SHEET (CONTINUED)

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

December 29, 2012
(Dollars in Thousands)

LIABILITIES AND NET ASSETS	Consolidated	Eliminations	Aultman Health Foundation	Aultman Hospital and Subsidiaries	Aultman Medical Group
Current liabilities					
Unpaid claims and claims adjustment expenses	$ 33,563	$ (1,115)	$ -	$ -	$ -
Loss and loss-adjustment expenses	12,472	-	-	-	-
Accounts payable and accrued expenses	49,393	(5,652)	1,806	26,068	19
Salaries, wages and payroll taxes	28,402	-	1,158	21,766	483
Estimated third-party payor settlements	3,636	-	-	2,442	-
Premiums received in advance	7,084	(4,503)	-	2,855	-
Intercompany accounts	-	-	(545)	(3,821)	700
Accrued contingency	14,609	-	14,609	-	-
Total current liabilities	149,159	(11,270)	17,028	49,310	1,202
Long-term liabilities					
Long-term debt	6,503	-	-	6,503	-
Accrued pension liability	620	-	-	-	-
Interest-rate swap	86	-	-	86	-
Total liabilities	156,368	(11,270)	17,028	55,899	1,202
Net assets					
Common stock and paid in capital	-	(186,372)	-	1,129	-
Unrestricted	420,311	9,872	259,354	244,216	(708)
Temporarily restricted	2,301	-	-	2,301	-
Permanently restricted	399	-	-	399	-
Total net assets	423,011	(176,500)	259,354	248,045	(708)
	$ 579,379	$ (187,770)	$ 276,382	$ 303,944	$ 494

North Central Medical Resources, Inc and Subsidiaries	AultCare Corporation	Aultcare Insurance Company and Subsidiary	West Tuscarawas Property Management, LLC	Acute Care Specialty Hospital at Aultman, LLC	McKinley Assurance SPC	Aultra Administrative Group	The Aultman Foundation	Aultman Orrville Hospital
$ -	$ -	$ 34,678	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	12,472	-	-	-
1,264	2,940	13,235	-	368	6,639	774	194	1,738
1,801	2,075	17	-	351	-	119	-	632
-	-	-	-	1,194	-	-	-	-
-	484	6,539	-	-	1,709	-	-	-
1,000	6,270	(7,750)	-	103	-	3,451	-	592
-	-	-	-	-	-	-	-	-
4,065	11,769	46,719	-	2,016	20,820	4,344	194	2,962
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	620
-	-	-	-	-	-	-	-	-
4,065	11,769	46,719	-	2,016	20,820	4,344	194	3,582
98,268	-	49,876	11,666	204	120	8,150	-	16,959
(91,710)	(6,188)	12,345	(2,635)	2,442	4,446	(11,782)	792	(133)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,558	(6,188)	62,221	9,031	2,646	4,566	(3,632)	792	16,826
$ 10,623	$ 5,581	$ 108,940	$ 9,031	$ 4,662	$ 25,386	$ 712	$ 986	$ 20,408

CONSOLIDATING STATEMENT OF OPERATIONS

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52-weeks ended December 29, 2012
(Dollars in Thousands)

	Consolidated	Eliminations	Aultman Health Foundation	Aultman Hospital and Subsidiaries	Aultman Medical Group
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT					
Net patient service revenue	$ 405,597	$ (40,045)	$ -	$ 372,024	$ 2,034
Provision for doubtful patient accounts	(29,672)	-	-	(26,821)	(7)
Net patient service revenue less provision for doubtful patient accounts	375,925	(40,045)	-	345,203	2,027
Premium revenue	469,294	(82,840)	-	82,576	-
Other revenue	49,681	(36,006)	32,192	19,506	167
Net assets released from restrictions	1,456	-	-	1,456	-
Total unrestricted revenues, gains and other support	896,356	(158,891)	32,192	448,741	2,194
EXPENSES					
Salaries and benefits	357,466	-	17,166	237,570	2,256
Medical supplies	65,505	-	(558)	64,528	31
Pharmacy	20,222	-	81	19,131	191
Professional fees	25,471	(4,001)	83	20,049	-
Equipment maintenance	20,627	-	8,184	9,968	5
Administrative and general	93,901	(1,188)	8,295	41,213	390
Utilities	10,904	-	607	8,492	29
Claims, losses and loss-adjustment expenses	297,351	(125,660)	-	-	-
Depreciation and amortization	25,025	-	680	21,197	-
Management fee	-	(29,646)	-	28,506	-
Provision for doubtful accounts	487	-	-	-	-
Total expenses	916,959	(160,495)	34,538	450,654	2,902
Income (loss) from operations	(20,603)	1,604	(2,346)	(1,913)	(708)
OTHER INCOME (EXPENSE)					
Investment and other income, net	16,099	214	10,501	69	-
Inherent consideration related to acquisition	11,007	-	11,007	-	-
Contingency expenses	(6,831)	-	(5,712)	-	-
Total other income (expense)	20,275	214	15,796	69	-
Excess (deficiency) of revenues over expenses before (provision) benefit for income tax	(328)	1,818	13,450	(1,844)	(708)
(PROVISION) BENEFIT FOR INCOME TAX	(180)	-	-	16	-
Excess (deficiency) of revenues over expenses	$ (508)	$ 1,818	$ 13,450	$ (1,828)	$ (708)

North Central Medical Resources, Inc and Subsidiaries	AultCare Corporation	Aultcare Insurance Company and Subsidiary	West Tuscarawas Property Management, LLC	Acute Care Specialty Hospital at Aultman, LLC	McKinley Assurance SPC	Aultra Administrative Group	The Aultman Foundation	Aultman Orrville Hospital
$ 40,422	$ -	$ -	$ -	$ 8,653	$ -	$ -	$ -	$ 22,509
(336)	-	-	-	(528)	-	-	-	(1,980)
40,086	-	-	-	8,125	-	-	-	20,529
-	-	468,954	-	-	604	-	-	-
11,596	11,551	1	1,244	-	-	6,402	1,487	1,541
-	-	-	-	-	-	-	-	-
51,682	11,551	468,955	1,244	8,125	604	6,402	1,487	22,070
50,917	7,905	18,389	244	5,837	-	4,062	281	12,839
141	8	-	-	330	-	-	-	1,025
25	-	-	-	376	-	-	-	418
668	89	6,168	-	94	-	-	-	2,321
693	174	579	141	26	-	159	-	698
13,674	2,626	21,877	430	773	271	2,148	756	2,636
485	55	232	246	1	-	149	-	608
-	-	421,829	-	-	1,182	-	-	-
63	944	-	409	-	-	233	-	1,499
-	192	670	-	-	-	36	-	242
-	-	487	-	-	-	-	-	-
66,666	11,993	470,231	1,470	7,437	1,453	6,787	1,037	22,286
(14,984)	(442)	(1,276)	(226)	688	(849)	(385)	450	(216)
(180)	-	3,444	-	4	1,963	-	1	83
-	-	-	-	-	-	-	-	-
-	-	(1,119)	-	-	-	-	-	-
(180)	-	2,325	-	4	1,963	-	1	83
(15,164)	(442)	1,049	(226)	692	1,114	(385)	451	(133)
-	-	(196)	-	-	-	-	-	-
$ (15,164)	$ (442)	$ 853	$ (226)	$ 692	$ 1,114	$ (385)	$ 451	$ (133)

CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52-weeks ended December 29, 2012
(Dollars in Thousands)

	Consolidated	Eliminations	Aultman Health Foundation	Aultman Hospital and Subsidiaries	Aultman Medical Group
UNRESTRICTED NET ASSETS					
Excess (deficiency) of revenues over expenses	$ (508)	$ 1,818	$ 13,450	$ (1,828)	$ (708)
Capital contribution to NCMR	-	(14,577)	-	-	-
Capital distribution from WTPM	-	193	-	-	-
Capital contribution to Aultman Orrville	-	(4,752)	-	-	-
Net asset transfer as a result of the formation of Aultman Oncology	-	-	120	(120)	-
Fair value of net assets acquired related to Aultman Orrville	-	(12,207)	-	-	-
Dividends paid to Aultman Oncology owners	-	320	-	(320)	-
Interfund transfers	-	-	18,640	(18,265)	-
Increase (decrease) in unrestricted net assets	(508)	(29,205)	32,210	(20,533)	(708)
TEMPORARILY RESTRICTED NET ASSETS					
Gifts, grants and bequests	1,963	-	-	1,963	-
Net assets released from restrictions	(1,456)	-	-	(1,456)	-
Increase in temporarily restricted net assets	507	-	-	507	-
Increase (decrease) in net assets	(1)	(29,205)	32,210	(20,026)	(708)
NET ASSETS, BEGINNING OF YEAR	423,012	(147,295)	227,144	268,071	-
NET ASSETS, END OF YEAR	$ 423,011	$ (176,500)	$ 259,354	$ 248,045	$ (708)

North Central Medical Resources, Inc and Subsidiaries	AultCare Corporation	Aultcare Insurance Company and Subsidiary	West Tuscarawas Property Management, LLC	Acute Care Specialty Hospital at Aultman, LLC	McKinley Assurance, SPC	Aultra Administrative Group	The Aultman Foundation	Aultman Orrville Hospital
$ (15,164)	$ (442)	$ 853	$ (226)	$ 692	$ 1,114	$ (385)	$ 451	$ (133)
14,577	-	-	-	-	-	-	-	-
-	-	-	(193)	-	-	-	-	-
-	-	-	-	-	-	-	-	4,752
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	12,207
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(375)	-
(587)	(442)	853	(419)	692	1,114	(385)	76	16,826
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(587)	(442)	853	(419)	692	1,114	(385)	76	16,826
7,145	(5,746)	61,368	9,450	1,954	3,452	(3,247)	716	-
$ 6,558	$ (6,188)	$ 62,221	$ 9,031	$ 2,646	$ 4,566	$ (3,632)	$ 792	$ 16,826

SCHEDULES OF ASSETS, LIABILITIES AND ACCUMULATED EQUITY – AULTCOMP

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

December 29, 2012 and December 31, 2011

	2012	2011
ASSETS		
Cash and cash equivalents	**$ 52,043**	$ 43,254
Intercompany receivable	**586,694**	546,843
Prepaid expenses	**42,368**	21,734
	$ 681,105	$ 611,831
LIABILITIES AND ACCUMULATED EQUITY		
Accounts payable and accrued expenses	**$ 81,852**	$ 81,851
Salaries, wages and payroll taxes	**53,836**	50,858
	135,688	132,709
ACCUMULATED EQUITY	**545,417**	479,122
	$ 681,105	$ 611,831

SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN ACCUMULATED EQUITY – AULTCOMP

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011

	2012	2011
REVENUES	**$ 2,699,285**	$ 2,676,166
EXPENSES		
Salaries and benefits	**1,801,345**	1,714,474
Equipment maintenance	**101,032**	106,440
Administrative and general	**652,299**	581,664
Utilities	**42,517**	26,453
Management fee	**35,797**	49,765
Total expenses	**2,632,990**	2,478,796
Net income	**66,295**	197,370
ACCUMULATED EQUITY, BEGINNING OF YEAR	**479,122**	281,752
ACCUMULATED EQUITY, END OF YEAR	**$ 545,417**	$ 479,122

SCHEDULES OF OPERATING EXPENSES – AULTCOMP

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

For the 52 and 53 weeks ended December 29, 2012 and December 31, 2011

	2012	2011
Salaries	**$ 1,386,379**	$ 1,320,090
Employee benefits	**308,203**	288,615
Payroll taxes	**106,763**	105,769
Total salaries and benefits	**1,801,345**	1,714,474
Equipment maintenance	**101,032**	106,440
Audits and peer reviews	**106,164**	104,861
Leases	**123,695**	125,080
Consulting fees	**110,181**	92,499
Office equipment and supplies	**83,724**	86,266
Depreciation	**49,608**	44,118
Other administrative and general	**178,927**	128,840
Total administrative and general	**652,299**	581,664
Utilities	**42,517**	26,453
Management fee	**35,797**	49,765
TOTAL EXPENSES	**$ 2,632,990**	$ 2,478,796

NOTE TO SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN ACCUMULATED EQUITY - AULTCOMP

AULTMAN HEALTH FOUNDATION AND SUBSIDIARIES

Note 1. Description of Business and Provider Account

AultComp (the Company) provides medical case management and utilization management services for Workers' Compensation cases as a result of injuries to employees arising out of the course and scope of employment as provided by law. AultComp is fully URAC (Utilization Review Accreditation Commission) accredited by the American Accreditation HealthCare Commission for case management. The accreditation is earned by achieving certain case management organization standards.

The Company maintains a provider cash account on behalf of the State of Ohio Bureau of Workers' Compensation to distribute funds to awarded parties. The balance of this cash account and the related liability at December 29, 2012 and December 31, 2011 are $116 and $50,727, respectively.