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






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

UNION HOSPITAL (UHI), UNION HOSPITAL CLINTON (UHC), AND OUR NETWORK OF PRIMARY CARE PHYSICIANS JOIN TOGETHER TO PROVIDE COMPREHENSIVE CARE TO RESIDENTS OF WEST CENTRAL INDIANA AND EASTERN ILLINOIS. OUR FACILITIES AT UNION HOSPITAL INCLUDE TWO HOSPITALS AND MORE THAN 40 PRIMARY AND SPECIALTY CARE PHYSICIANS AND MID-LEVEL PROVIDERS. WE ARE THE LARGEST PROVIDER OF NOT-FOR-PROFIT HEALTH CARE SERVICES BETWEEN INDIANAPOLIS AND ST. LOUIS ALONG THE I-70 CORRIDOR, SERVING VIGO, PARKE, VERMILION, CLAY, SULLIVAN AND GREENE COUNTIES IN INDIANA, AND CLARK AND EDGAR COUNTIES IN ILLINOIS AS OUR PRIMARY SERVICE AREA. OUR SECONDARY SERVICE AREA INCLUDES CRAWFORD COUNTY IN ILLINOIS. CONTINUE TO SCHEDULE. O. CLAY GREENE SULLIVAN PARKE VERMILION VIGO POPULATION 26,803 32,781 21,223 17,202 15,878 108,291 RANK IN IND. 59TH 51ST 69TH 77TH 79TH 17TH SQ MILES 357 50 542 5 447 10 444 70 256 9 403 30 POP/SQ MILE 74 97 60 43 47 47 38 68 63 81 268 51 LARGEST CITY BRAZIL LINTON SULLIVAN ROCKVILLE CLINTON TERRE HAUTE POPULATION 8,153 5,373 4,205 2,581 4,826 61,112 MEDIAN AGE 40 5 42 1 40 1 41 7 42 1 35 9 POVERTY RATE 15 6% 15 9% 18 2% 18 2% 14 6% 20 3% UNEMPLOYMENT RATE 8 7 8 5 10 1 8 6 10 6 9 SAVG HOUSEHOLD INCOME 44,230 42,684 41,223 41,311 42,709 40,091 CHILDREN LIVING BELOW POVERTY 22 9% 22 0% 23 6% 28 7% 21 2% 29 0% UNION HOSPITAL HAS BEEN SERVING COMMUNITIES IN WEST CENTRAL INDIANA AND EAST CENTRAL ILLINOIS FOR THE PAST 120 YEARS. UNION HOSPITAL SERVES 275,000 PEOPLE IN BOTH URBAN AND RURAL AREAS, CLAY, GREENE, SULLIVAN, PARKE, VERMILION AND VIGO COUNTIES IN INDIANA ALONG WITH CLARK AND CRAWFORD COUNTIES IN ILLINOIS. MAKE UP OUR PRIMARY SERVICE AREA AS IT RELATES TO COMMUNITY BENEFIT. THE MAJORITY OF FAMILIES IN OUR SERVICE AREA FALL SIGNIFICANTLY BELOW THE NATIONAL AND STATE MEDIAN HOUSEHOLD INCOME. AS THE LARGEST NOT-FOR-PROFIT HEALTHCARE PROVIDER BETWEEN ST. LOUIS AND INDIANAPOLIS, WE ARE PROUD TO BE THE SAFETY NET HOSPITAL FOR OUR COMMUNITY PROVIDING OVER \$80 MILLION IN TOTAL COMMUNITY BENEFITS, THAT INCLUDE \$13 MILLION IN CHARITY CARE TO OUR COMMUNITY. THE PEOPLE WHO MAKE UP UHI ARE DEVOTED TO HELPING OTHERS. WHETHER THEY PROVIDE CARE TO PATIENTS IN OUR HOSPITALS AND CLINICS, VOLUNTEER FOR COMMUNITY SERVICE ORGANIZATIONS AND CAUSES, OR ORGANIZE BAKE SALES FOR FELLOW EMPLOYEES IN NEED, OUR EMPLOYEES EXEMPLIFY A SPIRIT OF CARING. THAT SPIRIT OF CARING IS HARDWIRED THROUGHOUT THE ORGANIZATION FROM OUR VOLUNTEER BOARD OF DIRECTORS TO OUR LEADERSHIP TEAM TO OUR STAFF, PHYSICIANS AND VOLUNTEERS. ALL AROUND THE COMMUNITIES WE SERVE, YOU WILL FIND OUR CARING PEOPLE SERVING AS LEADERS IN CHURCHES, SCHOOLS AND COMMUNITY ORGANIZATIONS. THAT WEB OF INVOLVEMENT PROVIDES A RICH CONNECTION TO THE NEEDS OF OUR COMMUNITY AND GUIDES OUR ACTIVITIES TO IMPROVE THE QUALITY OF LIFE FOR ALL THAT WE SERVE. OUR COMMUNITIES ARE BOTH URBAN AND RURAL BUT SHARE A COMMON TRAIT: HOUSEHOLD INCOMES THAT FALL FAR BELOW THE STATE AND NATIONAL AVERAGES. ACCESS TO CARE IS A CHALLENGE FOR THOSE LIVING IN URBAN POVERTY AND THOSE WHO LIVE IN THE RURAL COUNTRYSIDE. THE SERVICES AND PROGRAMS OUTLINED IN THIS COMMUNITY BENEFIT REPORT WERE DESIGNED TO MEET THE NEEDS OF THE POOR AND UNINSURED AND TO IMPROVE ACCESS TO HEALTH CARE IN OUR RURAL COMMUNITIES. THE RICHARD G. LUGAR CENTER FOR RURAL HEALTH IS AN INNOVATION CENTER DESIGNED TO GIVE PROVIDERS THE TOOLS AND TRAINING TO SUCCESSFULLY ESTABLISH MEDICAL PRACTICE IN RURAL AREAS. THE CLAY CITY CENTER FOR FAMILY MEDICINE IS A MODEL TRAINING SITE FOR FAMILY MEDICINE RESIDENTS AND A VITAL RURAL HEALTH CLINIC SERVING THE PEOPLE OF CLAY COUNTY, INDIANA. A MULTI-DISCIPLINARY TEAM APPROACH PROVIDES A HIGH LEVEL OF SERVICE TO THIS AREA AND HAS RESULTED IN IMPRESSIVE HEALTH IMPROVEMENTS FOR ITS PEOPLE. UHI ALSO PROVIDES PRE-NATAL CARE FOR INDIGENT POPULATIONS BY OFFERING THE FOLLOWING SERVICES ON A SLIDING PAY SCALE: PRENATAL CARE, SUPPORT AND DELIVERY ARE PROVIDED THROUGH A TEAM OF PHYSICIANS, NURSES, SOCIAL WORKERS, AND SUBSTANCE ABUSE COUNSELORS TO WOMEN. OUR SPIRIT OF CARING MAKES US NATURAL PARTNERS WITH PROVIDENCE SELF SUFFICIENCY MINISTRIES' ST. ANN CLINIC, A FREE PRIMARY CARE CLINIC SERVING THE CITY OF TERRE HAUTE'S POOREST POPULATION. UNION HOSPITAL AFFILIATED PHYSICIANS, NURSES AND OTHERS PROVIDE THOUSANDS OF VOLUNTEER HOURS EACH YEAR TO STAFF THE CLINIC. UPON SEEING THE GROWING NEED FOR CARE, UHI HAS PROVIDED FUNDING FOR A FULL-TIME NURSE PRACTITIONER TO SEE PATIENTS AT THE CLINIC. THE CLINIC HAS BEEN SUCCESSFUL IN HELPING PATIENTS WITH CHRONIC DISEASE MANAGEMENT. WE KNOW THAT MANY WOMEN WILL FOREGO BREAST HEALTH SCREENING TO PUT THE NEEDS OF THEIR FAMILIES FIRST. MANY MORE WOMEN ARE CONCERNED THAT IF A PROBLEM IS FOUND IT WILL PUT TERRIBLE FINANCIAL BURDENS ON THEIR FAMILIES. PARTNERSHIPS WITH THE STATE OF INDIANA AND THE SUSAN G. KOMEN FOUNDATION HAVE ALLOWED THE CLARA FAIRBANKS CENTER FOR WOMEN TO PROVIDE SCREENING AND DIAGNOSIS AS WELL AS FOLLOW-UP CARE TO AREA WOMEN IN NEED, PROVIDING PEACE OF MIND AND DETECTING BREAST CANCERS EARLY. A WOMAN RECENTLY SERVED EXCLAIMED, "YOU SAVED MY LIFE AND MY HOUSE!" ENCOURAGING ACTIVE, HEALTHY LIFESTYLES AND PROVIDING ROLE MODELS IS THE GOAL BEHIND THE PERFECT PARTNERS PROGRAM, A PARTNERSHIP BETWEEN UNION AND BENJAMIN FRANKLIN ELEMENTARY SCHOOL. THIS LOW-COST, HIGH-IMPACT PROGRAM SERVES THE AREA'S POOREST INNER-CITY SCHOOL WITH FITNESS AND NUTRITION PROGRAMS, HEALTH FAIRS AND CAREER DAYS.

[illegible]

4e	Total program service expenses	386,388,530
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI 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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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	196			
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	2,725			
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	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
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				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
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 8822?	7c				No
d	If "Yes," indicate the number of Forms 8822 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				
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?						
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	14	
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			
1b	Enter the number of voting members included in line 1a, above, who are independent	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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	No
11b	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
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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	IN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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	WAYNE HUTSON CFO 1606 N SEVENTH STREET TERRE HAUTE, IN (812) 238-7000

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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			
(1) JOHN LUKENS	2 00	X		X				0	0	0
CHAIRMAN	3 00									
(2) MOLLY CALLAHAN	2 00	X		X				0	0	0
VICE CHAIRMAN	0 00									
(3) WILLIAM G GRIMES	2 00	X		X				0	0	0
SECRETARY	3 00									
(4) DAN DEBARD	2 00	X		X				0	0	0
TREASURER	0 00									
(5) FREDERICK BAUER	2 00	X						0	0	0
ASST SECRETARY	0 00									
(6) WARD HUBBARD	2 00	X						0	0	0
ASST TREASURER	1 00									
(7) CURTIS BRIGHTON	2 00	X						0	0	0
MEMBER	2 00									
(8) DR ROBERT HAERR	2 00	X						0	0	0
MEMBER	1 00									
(9) DR JACQUELINE HOLDER	2 00	X						0	0	0
MEMBER	0 00									
(10) DR MARK LYNCH	2 00	X						0	0	0
MEMBER	0 00									
(11) CINDY MARTIN	2 00	X						0	0	0
MEMBER	0 00									
(12) ROBERT MCLAUGHLIN	2 00	X						0	0	0
MEMBER	0 00									
(13) DR DAVID SOUTHWICK	2 00	X						80,100	0	0
MEMBER	0 00									
(14) SCOTT TEFFETELLER	40 00	X		X				477,766	0	37,395
PRESIDENT & CEO	4 00									
(15) WAYNE HUTSON	40 00			X				280,763	0	26,220
SR VP FINANCE/CFO	5 00									
(16) KYM PFRANK	40 00			X				255,577	0	32,296
VICE PRESIDENT/COO	2 00									
(17) JOHN BOLINGER	40 00			X				441,370	0	22,590
VICE PRESIDENT MED AFFAIRS	0 00									

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			
(18) JEANNETTE SPRADLIN VICE PRESIDENT	40 00 0 00			X				141,475	0	17,482
(19) RHONDA SMITH VICE PRESIDENT	40 00 0 00			X				234,583	0	29,268
(20) SALLY ZUEL VICE PRESIDENT	40 00 0 00			X				198,868	0	19,801
(21) KRISTI WILLIAMS SYSTEM DIRECTOR PHARMACY	40 00 0 00				X			154,659	0	32,941
(22) PRADEEP NAROTAM NEUROSURGEON	40 00 0 00					X		927,807	0	37,395
(23) RAMESH TANK RADIOLOGIST	40 00 0 00					X		912,623	0	38,895
(24) LINGAN SIDDA RADIOLOGIST	40 00 0 00					X		896,722	0	30,386
(25) NABIL MNAYARJI THORASIC SURGEON	40 00 0 00					X		827,661	0	36,039
(26) GEORGE SPENCER RADIOLOGIST	40 00 0 00					X		811,545	0	28,622
(27) DAVID DOERR FORMER PRESIDENT & CEO	0 00 0 00						X	294,964	0	43,107
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								6,936,483	0	432,437

2Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization95

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

Section B. Independent Contractors

1Complete 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
PROVIDENCE MEDICAL GROUP 2723 S 7TH ST TERRE HAUTE IN 47802	MEDICAL SERVICES AND RENT	18,063,088
CARDIOVASCULAR MANAGEMENT LLC 2723 S 7TH ST TERRE HAUTE IN 47802	MEDICAL MANAGEMENT SERVICES	16,004,946
AMBULATORY SURGERY MANAGEMENT 221 S 6TH ST TERRE HAUTE IN 47802	MEDICAL MANAGEMENT SERVICES	6,371,449
ONCOLOGY SERVICES GROUP LLC 6100 W 96TH STE 125 INDIANAPOLIS IN 46278	MEDICAL SERVICES	2,814,773
FRESENIUS MEDICAL 16343 COLLECTION CENTER DR CHICAGO IL 60693	MEDICAL SERVICES	1,634,320
2Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization57		

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	120,600			
	e	Government grants (contributions)	1e	1,023,596			
	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		1,144,196			
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 900099	402,198,279	402,198,279		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		402,198,279			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		709,461		709,461
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real 1,288,871	(ii) Personal			
b		Less rental expenses	2,843,756				
c		Rental income or (loss)	-1,554,885				
d		Net rental income or (loss)		-1,554,885			-1,554,885
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other 64,686			
b		Less cost or other basis and sales expenses		125,385			
c		Gain or (loss)		-60,699			
d		Net gain or (loss)		-60,699			-60,699
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
b		Less direct expenses					
c		Net income or (loss) from fundraising events					
9a		Gross income from gaming activities See Part IV, line 19					
b		Less direct expenses					
c		Net income or (loss) from gaming activities					
10a		Gross sales of inventory, less returns and allowances					
b		Less cost of goods sold					
c		Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code					
11a	CAFETERIA REVENUE	900099	2,130,385			2,130,385	
b	AP & S PURCHASED SERVICES	900099	908,544			908,544	
c	CHILD DEVELOPMENT REVENUE	624410	623,311		255,745	367,566	
d	All other revenue		3,308,958		354,232	2,954,726	
e	Total. Add lines 11a-11d		6,971,198				
12	Total revenue. See Instructions		409,407,550	402,198,279	609,977	5,455,098	

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.	323,120	323,120		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	32,400	32,400		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	2,030,402	472,987	1,557,415	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	136,935,892	128,582,803	8,353,089	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	5,230,788	4,911,710	319,078	
9	Other employee benefits.	989,932	929,546	60,386	
10	Payroll taxes.	9,018,269	8,468,155	550,114	
11	Fees for services (non-employees):				
a	Management.	24,000	22,536	1,464	
b	Legal.	292,369	274,534	17,835	
c	Accounting.	2,985	2,803	182	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	6,604,617	6,201,735	402,882	
12	Advertising and promotion.	477,011	447,913	29,098	
13	Office expenses.	13,785,831	12,944,895	840,936	
14	Information technology.				
15	Royalties.				
16	Occupancy.	11,587,914	10,881,051	706,863	
17	Travel.	456,473	428,628	27,845	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	16,224,111	15,234,440	989,671	
21	Payments to affiliates.	9,084,494	8,530,340	554,154	
22	Depreciation, depletion, and amortization.	25,665,391	24,099,802	1,565,589	
23	Insurance.	14,228,971	13,361,004	867,967	
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	PURCHASED SERVICES	79,524,789	74,673,777	4,851,012	
b	MEDICAL SUPPLIES	59,041,250	55,439,734	3,601,516	
c	HAF FEE	15,927,521	14,955,942	971,579	
d					
e	All other expenses	5,504,446	5,168,675	335,771	
25	Total functional expenses. Add lines 1 through 24e.	412,992,976	386,388,530	26,604,446	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 <input type="checkbox"/> 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)		(B)	
				Beginning of year		End of year	
Assets	1	Cash—non-interest-bearing		33,228,407	1	20,779,789	
	2	Savings and temporary cash investments			2		
	3	Pledges and grants receivable, net			3		
	4	Accounts receivable, net		54,497,818	4	54,591,782	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5		
	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			6		
	7	Notes and loans receivable, net			7		
	8	Inventories for sale or use		4,361,427	8	4,393,058	
	9	Prepaid expenses and deferred charges		5,276,747	9	5,871,523	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	499,905,007			
	b	Less accumulated depreciation	10b	213,786,665	295,522,271	10c	286,118,342
	11	Investments—publicly traded securities		76,864,206	11	82,729,377	
	12	Investments—other securities See Part IV, line 11		3,244,483	12	5,699,744	
	13	Investments—program-related See Part IV, line 11			13		
	14	Intangible assets		5,982,856	14	4,338,399	
	15	Other assets See Part IV, line 11		3,090,878	15	2,895,002	
16	Total assets. Add lines 1 through 15 (must equal line 34)		482,069,093	16	467,417,016		
Liabilities	17	Accounts payable and accrued expenses		51,832,211	17	52,391,537	
	18	Grants payable			18		
	19	Deferred revenue		301,122	19	210,418	
	20	Tax-exempt bond liabilities		254,340,000	20	253,064,786	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21		
	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			22		
	23	Secured mortgages and notes payable to unrelated third parties		24,480,793	23	21,915,755	
	24	Unsecured notes and loans payable to unrelated third parties			24		
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,493,740	25	13,162,818	
	26	Total liabilities. Add lines 17 through 25		337,447,866	26	340,745,314	
	Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
27		Unrestricted net assets		139,069,623	27	122,155,732	
28		Temporarily restricted net assets		4,575,246	28	3,112,147	
29		Permanently restricted net assets		976,358	29	1,403,823	
Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.							
30		Capital stock or trust principal, or current funds			30		
31		Paid-in or capital surplus, or land, building or equipment fund			31		
32		Retained earnings, endowment, accumulated income, or other funds			32		
33		Total net assets or fund balances		144,621,227	33	126,671,702	
34		Total liabilities and net assets/fund balances		482,069,093	34	467,417,016	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	409,407,550
2	Total expenses (must equal Part IX, column (A), line 25)	2	412,992,976
3	Revenue less expenses Subtract line 2 from line 1	3	-3,585,426
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	144,621,227
5	Net unrealized gains (losses) on investments	5	987,602
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	-15,351,701
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	126,671,702

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% 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?

(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?

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

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 IIISupport 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

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 UNION HOSPITAL INC	Employer identification number 35-0876396
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		16,641
j	Total. Add lines 1c through 1i.			16,641
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to 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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	PERCENTAGE OF INDIANA HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION DUES PAID ATTRIBUTABLE TO LOBBYING EXPENSES AS DEFINED IN FEDERAL LAW

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNION HOSPITAL INC

Employer identification number
35-0876396

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or 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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part 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	b (c)Two years back	(d)Three years back	(e)Four years back	
1a	Beginning of year balance	976,358	958,444	946,496	969,067	1,010,484
b	Contributions					
c	Net investment earnings, gains, and losses	427,465	17,914	44,026	17,441	4,129
d	Grants or scholarships			20,970	27,706	33,684
e	Other expenditures for facilities and programs					
f	Administrative expenses			11,108	12,306	11,862
g	End of year balance	1,403,823	976,358	958,444	946,496	969,067

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

100 000 %

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

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	17,530,940		17,530,940
b	Buildings	351,115,270	115,062,066	236,053,204
c	Leasehold improvements	3,140,716	2,038,932	1,101,784
d	Equipment	125,581,430	96,685,667	28,895,763
e	Other	2,536,651		2,536,651
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				286,118,342

Schedule D (Form 990) 2012

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	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)		5	

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE CORPORATION'S ENDOWMENT CONSISTS OF INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES WHICH WERE DONOR-RESTRICTED. NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE CORPORATION TO FUNCTION AS ENDOWMENTS, ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE CORPORATION AND RECOGNIZE A TAX LIABILITY IF THE CORPORATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE CORPORATION, AND HAS CONCLUDED THAT AS OF AUGUST 31, 2012 AND 2011, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS. THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. FILINGS ARE CURRENT THROUGH 2011. THE IMPACT OF THE SUBSIDIARIES TAX CONSEQUENCES IS IMMATERIAL TO THESE FINANCIAL STATEMENTS.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
UNION HOSPITAL INC

Employer identification number
35-0876396

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	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 <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % 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"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

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)			12,118,696		12,118,696	2 930 %
b Medicaid (from Worksheet 3, column a)			77,408,519	44,603,998	32,804,521	7 940 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			175,651,462	135,700,142	39,951,320	9 670 %
d Total Financial Assistance and Means-Tested Government Programs . .			265,178,677	180,304,140	84,874,537	20 540 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			6,802,751		6,802,751	1 650 %
f Health professions education (from Worksheet 5)			9,310,436	2,651,562	6,658,874	1 610 %
g Subsidized health services (from Worksheet 6)			10,649,270	4,329,824	6,319,446	1 530 %
h Research (from Worksheet 7)			219,676	0	219,676	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			425,614		425,614	0 100 %
j Total Other Benefits			27,407,747	6,981,386	20,426,361	4 940 %
k Total. Add lines 7d and 7j . .			292,586,424	187,285,526	105,300,898	25 480 %

Part IICommunity 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
1Physical improvements and housing			259,775		259,775	0.060 %
2Economic development			684,124		684,124	0.170 %
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development			15,090		15,090	0 %
9Other						
10Total			958,989		958,989	0.230 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

31,155,783

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

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

135,700,142

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

180,640,520

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-44,940,378

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

9b

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 IVManagement 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?
2

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	UNION HOSPITAL INC 1606 NORTH SEVENTH STREET TERRE HAUTE, IN 47804 HTTP //WWW.MYUNIONHOSPITAL.ORG/UNIONHO	X	X		X			X		PHYSICIAN PRACTICES, OFF CAMPUS THERAPY, RADIOLOGY	
2	UNION HOSPITAL CLINTON 801 S MAIN ST CLINTON, IN 47842 HTTP //WWW.MYUNIONHOSPITAL.ORG/UNIONHO	X				X		X			

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)

UNION HOSPITAL

Name of hospital facility or facility reporting group

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 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
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	Yes
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	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	Yes
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	No
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)

Financial Assistance Policy		Yes	No
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
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? If "Yes," explain in Part VI		No
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? If "Yes," explain in Part VI		No

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)

UNION HOSPITAL CLINTON

Name of hospital facility or facility reporting group

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

2

	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 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
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 Yes	
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 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
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	No
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)

Financial Assistance Policy		Yes	No
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
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? If "Yes," explain in Part VI		No
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? If "Yes," explain in Part VI		No

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?

14

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1

Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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 SCHEDULE H PART I LINE 3BDESCRIPTION OF FAMILY INCOME LIMIT FOR DISCOUNTED CARETHE ORGANIZATION PROVIDES PARTIAL ASSISTANCE FOR INCOME LEVELS BETWEEN 150% AND 200% OF FEDERAL POVERTY GUIDELINES, AND OFFERS DISCOUNTED CARE ON A SLIDING SCALE FOR INCOME LEVELS BETWEEN 250% AND 400% OF FEDERAL POVERTY GUIDELINES
		PART II TO BETTER MEET THE NEEDS OF OUR COMMUNITIES UNION HOSPITAL PARTICIPATES IN COMMUNITY BUILDING ACTIVITIES TO IMPROVE THE HEALTH IN THE COMMUNITY PROGRAMS HAVE BEEN DEVELOPED TO SPECIFICALLY HELP MEET THE NEEDS AS DEFINED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT MANY OF THE PROGRAMS OR SERVICES DEVELOPED MEET SEVERAL DEFINED NEEDS AND SOME OF THEM ARE MORE FOCUSED ON A CENTRAL IDEA ACCESS TO HEALTH CARE HAS ALSO BEEN IDENTIFIED AS A NEED IN OUR COMMUNITY IN 1993 THE RICHARD G LUGAR CENTER FOR RURAL HEALTH WAS ESTABLISHED TO HELP RECRUIT AND EDUCATE PHYSICIANS TO PRACTICE HEALTH CARE IN OUR RURAL COMMUNITIES SINCE ITS INCEPTION THE LUGAR CENTER HAS WORKED TO DEVELOP PROGRAMS AND SERVICES THAT MAKE HEALTHCARE MORE ACCESSIBLE TO THOSE INDIVIDUALS LIVING IN RURAL COMMUNITIES THE ESTABLISHMENT OF CLINICS SUCH AS THE CLAY CITY CENTER FOR FAMILY MEDICINE THAT SERVES AS A MEDICAL HOME FOR APPROXIMATELY 3,500 AREA RESIDENTS, DELIVERING OVER 8,000 VISITS ANNUALLY, IN ADDITION TO HOUSE CALLS IN 2001, THE LUGAR CENTER DEVELOPED AND IMPLEMENTED A CHRONIC DISEASE MANAGEMENT PROGRAM AT THE CLINIC THAT IS STILL BEING INTEGRATED INTO CARE PLANS FOR PATIENTS AS APPROPRIATE THIS EVIDENCE-BASED PROGRAM INCLUDES FIVE CHRONIC DISEASES- HYPERTENSION, DIABETES MELLITUS, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, CONGESTIVE HEART FAILURE, AND ASTHMA THE LUGAR CENTER IN COORDINATION WITH THE FAMILY MEDICINE RESIDENCY HAS EXPANDED TRAINING CAPACITY FOR FUTURE RURAL HEALTH CARE PROVIDERS THROUGH COLLABORATIVE EFFORTS WITH RURAL PARTNERS AROUND THE WABASH VALLEY THE RURAL HEALTH INNOVATION COLLABORATIVE IS ANOTHER PROGRAM THAT HAS BEEN DEVELOPED TO HELP IMPROVE ACCESS TO HEALTHCARE AMONG OTHER COMMUNITY BUILDING ACTIVITIES IN 2008 UNION HOSPITAL'S LUGAR CENTER HELPED LAUNCH A RURAL HEALTH COLLABORATIVE AIMED AT IMPROVING AND EXPANDING HEALTH CARE IN OUR COMMUNITY WHAT BEGAN AS AN INFORMAL EXERCISE IN CREATIVE PROBLEM-SOLVING HAS BECOME THE RHIC FOUNDING PARTNERS INCLUDE INDIANA STATE UNIVERSITY (ISU), INDIANA UNIVERSITY SCHOOL OF MEDICINE (IUSM), UNION HOSPITAL AND IT'S RICHARD G LUGAR CENTER FOR RURAL HEALTH (UH), THE TERRE HAUTE ECONOMIC DEVELOPMENT CORPORATION (THEDC), THE CITY OF TERRE HAUTE (THE CITY), AND IVY TECH COMMUNITY COLLEGE WABASH VALLEY (IVY TECH) THE MISSION OF THE RURAL HEALTH INNOVATION COLLABORATIVE (RHIC) IS TO IMPROVE AND EXPAND EDUCATION AND TRAINING OF HEALTH CARE PROFESSIONALS AND FUTURE HEALTH CARE PROFESSIONALS, ESPECIALLY FOR THOSE COMMITTED TO SERVING RURAL AND UNDERSERVED POPULATIONS KEY COMPONENTS OF THIS MISSION INCLUDE TO PROMOTE THE RETENTION OF HEALTH CARE PROFESSIONALS TO SERVE RURAL AND UNDERSERVED POPULATIONS, TO INVITE COMMUNITY REVITALIZATION BY PROMOTING THE ENHANCEMENT OF OPPORTUNITIES FOR EDUCATION, TRAINING, AND EXPERIENCE IN HEALTH-RELATED PROFESSIONS AND FIELDS, TO PROMOTE SOCIAL WELFARE AND TO ENCOURAGE AND COORDINATE COMMUNITY INITIATIVES TO ADDRESS CHALLENGES AFFECTING HEALTH CARE DELIVERY, TO PROMOTE THE EFFICIENT USE OF PUBLIC AND PRIVATE RESOURCES AND COLLABORATE WITH OTHER ENTITIES WITH SIMILAR OR COMPLEMENTARY PURPOSES, TO DESIGN AND IMPLEMENT INNOVATIVE BEST PRACTICES AND STRATEGIES THAT ARE CAPABLE OF REPLICATION IN OTHER AREAS OF THE UNITED STATES, AND TO DISSEMINATE EDUCATIONAL INFORMATION, THEREBY POTENTIALLY OR ACTUALLY BENEFITING THOSE OTHER AREAS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES CAN BE FOUND ON PAGE 13 AND PAGE 14 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS UNDER THE FINANCIAL FOOTNOTE "PATIENT ACCOUNTS RECEIVABLE, ESTIMATED THIRD PARTY SETTLEMENT, AND NET PATIENT SERVICE REVENUE" EXPLANATION FOR LINE 2 AND 3 OR RATIONAL FOR INCLUDING OTHER BAD DEBT AMOUNT IN COMMUNITY BENEFIT THE HOSPITAL HAS A DETAILED FINANCIAL ASSISTANCE POLICY WHICH STATES THAT TO PARTICIPATE IN CHARITY CARE CANDIDATES MUST COOPERATE FULLY IN ADDITION THE HOSPITAL EDUCATES PATIENTS WITH LIMITED ABILITY TO PAY REGARDING FINANCIAL ASSISTANCE FOR THIS REASON THE ORGANIZATION BELIEVES THAT IT ACCURATELY CAPTURES ALL CHARITY CARE DEDUCTIONS PROVIDED ACCORDING TO THE FINANCIAL ASSISTANCE POLICY AND THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS NEGLIGIBLE</p>
		<p>PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, MEDICARE HAS BEEN PROVIDED FROM THE YEAR ENDED AUGUST 31, 2013 REPORT HOSPITAL STATEMENT OF REIMBURSABLE COST</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF THE PATIENT DOES NOT QUALIFY FOR CHARITY, BUT QUALIFIES FOR LIMITED MEANS ASSISTANCE, A REDUCTION IN CHARGES WILL BE MADE TO THE ACCOUNT AND THE PATIENT WILL BE NOTIFIED VIA MAIL AT THE PATIENT'S REQUEST, PAYMENT ARRANGEMENTS WILL BE MADE FOR THE REMAINING BALANCE
UNION HOSPITAL		PART V, SECTION B, LINE 3 AN ONLINE SURVEY WAS DEVELOPED FOR THE COMMUNITY TO RANK NEEDS BASED ON THE AREA CODE IN WHICH THEY RESIDE THIS DATA HAS BEEN TAKEN INTO CONSIDERATION AND WILL HELP US PLAN AND IMPLEMENT PROGRAMS FOR COMMUNITY HEALTH IMPROVEMENT ALSO, PUBLIC INPUT WAS SEEKED IN VARIOUS STAKEHOLDER MEETINGS THAT TAKE PLACE AT THE HOSPITAL ON A BI-MONTHLY BASIS THOSE STAKEHOLDER MEETINGS CONSIST OF, COMMUNITY IMPACT COMMITTEE, PATIENT FAMILY ADVISORY, BOARD OF DIRECTORS ADVISORY AND VENDOR ADVISORY THESE ADVISORY COMMITTEES WERE FORMED TO HELP THE HOSPITAL PERFORM A SWOT ANALYSIS AND GAIN DIFFERENT PERSPECTIVE FROM DIFFERENT INDIVIDUALS THAT THE HOSPITALS COME IN CONTACT WITH ON A DAILY BASIS THIS ANALYSIS HAS BEEN COMPILED TO HELP WITH OUR STRATEGIC PLANNING PROCESS

Identifier	ReturnReference	Explanation
UNION HOSPITAL CLINTON		PART V, SECTION B, LINE 3 AN ONLINE SURVEY WAS DEVELOPED FOR THE COMMUNITY TO RANK NEEDS BASED ON THE AREA CODE IN WHICH THEY RESIDE THIS DATA HAS BEEN TAKEN INTO CONSIDERATION AND WILL HELP US PLAN AND IMPLEMENT PROGRAMS FOR COMMUNITY HEALTH IMPROVEMENT ALSO, PUBLIC INPUT WAS SEEKED IN VARIOUS STAKEHOLDER MEETINGS THAT TAKE PLACE AT THE HOSPITAL ON A BI-MONTHLY BASIS THOSE STAKEHOLDER MEETINGS CONSIST OF, COMMUNITY IMPACT COMMITTEE, PATIENT FAMILY ADVISORY, BOARD OF DIRECTORS ADVISORY AND VENDOR ADVISORY THESE ADVISORY COMMITTEES WERE FORMED TO HELP THE HOSPITAL PERFORM A SWOT ANALYSIS AND GAIN DIFFERENT PERSPECTIVE FROM DIFFERENT INDIVIDUALS THAT THE HOSPITALS COME IN CONTACT WITH ON A DAILY BASIS THIS ANALYSIS HAS BEEN COMPILED TO HELP WITH OUR STRATEGIC PLANNING PROCESS
UNION HOSPITAL		PART V, SECTION B, LINE 4 UNION HOSPITAL CLINTONTERRE HAUTE REGIONAL HOSPITALSULLIVAN COUNTY COMMUNITY HOSPITAL

Identifier	ReturnReference	Explanation
UNION HOSPITAL CLINTON		PART V, SECTION B, LINE 4 UNION HOSPITAL CLINTONTERRE HAUTE REGIONAL HOSPITALSULLIVAN COUNTY COMMUNITY HOSPITAL
UNION HOSPITAL		PART V, SECTION B, LINE 5C HTTP //WWW.MYUNIONHOSPITAL.ORG/UNIONHOSPITAL/INDEX.PHP/HEALTH- NEEDS-ASSESSMENT-CB

Identifier	ReturnReference	Explanation
UNION HOSPITAL CLINTON		PART V, SECTION B, LINE 5C HTTP //WWW.MYUNIONHOSPITAL.ORG/UNIONHOSPITAL/INDEX.PHP/HEALTH-NEEDS-ASSESSMENT-CB
		PART VI, LINE 2 AT UNION HOSPITAL, ASSESSING THE NEEDS OF OUR COMMUNITY IS AN ONGOING ACTIVITY. ON FEBRUARY 7, 2012, THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS OFFICIALLY LAUNCHED AND MADE AVAILABLE FOR PUBLIC USE. THE CHNA REPRESENTS A UNIQUE COLLABORATION BETWEEN THE TWO LARGEST HEALTHCARE PROVIDERS IN THE WABASH VALLEY (UNION HOSPITAL AND REGIONAL HOSPITAL), ALONG WITH THE TERRE HAUTE CHAMBER OF COMMERCE (THCC) AND ITS BETTER HEALTH WABASH VALLEY (BHWV) INITIATIVE. THE SIX COUNTIES ASSESSED INCLUDE CLAY, GREENE, PARKE, SULLIVAN, VERMILLION AND VIGO COUNTIES. HEALTHY COMMUNITY INSTITUTE (HCI) USES DATA FROM SECONDARY SOURCES BY COMPILING THE DATA INTO ONE CHNA REPORT PROVIDING NEARLY 100 INDICATORS MEASURING HEALTH AND WELLNESS, ECONOMIC FACTORS, EDUCATION, PUBLIC SAFETY AND SOCIAL ENVIRONMENT. THIS TOOL CAN BE USED BY MANY DIFFERENT SEGMENTS OF THE COMMUNITY. THE DATA IS AUTOMATICALLY UPDATED BY HCI REPRESENTATIVES AS NEW DATA IS MADE PUBLIC BY OTHER SECONDARY DATA SOURCES. THE CHNA INDICATORS EACH FEATURE A "DASHBOARD" REPRESENTING DATA THAT HAS BEEN COLLECTED FROM ROUGHLY 40 DIFFERENT SOURCES. EACH "DASHBOARD" HAS A NEEDLE POINTING TO ONE OF THREE COLORS REPRESENTING THE GOOD (GREEN), THE CAUTIONARY (YELLOW) AND THE SERIOUS CONDITION (RED) OF A PARTICULAR INDICATOR. SIDE-BY-SIDE COMPARISONS OF THE FIVE COUNTIES FEATURED ON THE WEBSITE, ALONG WITH STATEWIDE AND NATIONWIDE COMPARISONS ARE ALSO AVAILABLE. THE CHNA IS HOUSED ON THE THCC WEBSITE, TERREHAUTECHAMBER.COM AND CAN BE ACCESSED THROUGH BOTH THE TERRE HAUTE REGIONAL HOSPITAL AND UNION HOSPITAL WEBSITES. THE BHWV IMPLEMENTATION PLAN WAS DEVELOPED BY A SUB-COMMITTEE OF BHWV. MEMBERS OF THIS SUB-COMMITTEE HAVE KNOWLEDGE OF PUBLIC HEALTH AND REPRESENT THE COMMUNITY AS A WHOLE. THIS IMPLEMENTATION PLAN IS INTENDED TO BE A "COMMUNITY PLAN." NO SINGLE ORGANIZATION CAN IMPACT THE HEALTH OF THE COMMUNITY ALONE. IT IS BHWV VISION THAT EACH COMMUNITY INCLUDED IN THE CHNA SHOULD HAVE A SAY NOT ONLY IN WHAT NEEDS THEY WILL FOCUS ON BUT HOW THEY WILL GO ABOUT POSITIVELY IMPACTING THOSE NEEDS. THE EXPECTATION IS THAT MANY OF THE COUNTIES INCLUDED IN THE CHNA WILL HAVE SIMILAR NEEDS AND PROJECTS, PROGRAMS AND EDUCATION WILL BE DEVELOPED FOR IMPLEMENTATION ACROSS THE ENTIRE "REGION." THE IMPLEMENTATION PLAN WENT INTO EFFECT IN MAY 2013 AND WILL BE UPDATED/REVIEWED ON AN ANNUAL BASIS. THE PLAN IS A THREE-YEAR PLAN WITH ANNUAL REVIEW OF EFFECTIVENESS, BENCHMARKS, PROGRAMS AND COMMUNITY HEALTH NEEDS. BHWV ORGANIZATIONS MAY FORMALLY CHOOSE TO ADOPT THE INITIATIVES OUTLINED IN THIS DOCUMENT. THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA) REQUIRES ALL NOT-FOR-PROFIT HOSPITALS TO COMPLETE A COMMUNITY HEALTH NEEDS ASSESSMENT PRIOR TO MARCH 2012 AND ALSO COMPLETE AN IMPLEMENTATION PLAN, SEEKING INPUT FROM THE COMMUNITY AND BOARD APPROVAL OF THE PLAN IS REQUIRED. FAILURE TO COMPLY WITH THE PPACA COULD RESULT IN FORFEITURE OF TAX-EXEMPT STATUS OR A \$50,000 FINE UNTIL THE REQUIREMENTS ARE MET. UNION HOSPITAL, SULLIVAN COUNTY COMMUNITY HOSPITAL, GREENE COUNTY GENERAL HOSPITAL AND ST. VINCENT CLAY HOSPITAL ARE ALL PARTNERS IN THE BHWV INITIATIVE THAT HAVE REQUIREMENTS THEY HAVE TO FULFILL TO BE IN COMPLIANCE WITH THE PPACA. TO HELP SUPPLEMENT OUR INVOLVEMENT IN BHWV, UNION HOSPITAL OFFICIALS HAVE FORMED THE UNION HOSPITAL COMMUNITY HEALTH IMPROVEMENT IMPLEMENTATION PLAN WHICH INCORPORATES DATA FROM THE COMMUNITY HEALTH NEEDS ASSESSMENT, INPUT FROM COMMUNITY LEADERS HAVING INTEREST AND KNOWLEDGE IN PUBLIC HEALTH THAT ARE MEMBERS OF BHWV, THE UNION HOSPITAL BOARD OF DIRECTORS AND THE COMMUNITY AS A WHOLE. ADDITIONALLY, TO HELP SUPPLEMENT OUR FORMAL COMMUNITY HEALTH NEEDS ASSESSMENT, AN ONLINE SURVEY WAS DEVELOPED FOR THE COMMUNITY TO RANK NEEDS BASED ON THE AREA CODE IN WHICH THEY RESIDE. THIS DATA HAS BEEN TAKEN INTO CONSIDERATION AND WILL HELP US PLAN AND IMPLEMENT PROGRAMS FOR COMMUNITY HEALTH IMPROVEMENT. UNION HOSPITAL ALSO SEEKS PUBLIC INPUT IN VARIOUS STAKEHOLDER MEETINGS THAT TAKE PLACE AT THE HOSPITAL ON A BI-MONTHLY BASIS. THOSE STAKEHOLDER MEETINGS CONSIST OF, COMMUNITY IMPACT COMMITTEE, PATIENT FAMILY ADVISORY, BOARD OF DIRECTORS ADVISORY AND VENDOR ADVISORY. THESE ADVISORY COMMITTEES WERE FORMED TO HELP THE HOSPITAL PERFORM A SWOT ANALYSIS AND GAIN DIFFERENT PERSPECTIVE FROM DIFFERENT INDIVIDUALS THAT THE HOSPITALS COME IN CONTACT WITH ON A DAILY BASIS. THIS ANALYSIS HAS BEEN COMPILED TO HELP WITH OUR STRATEGIC PLANNING PROCESS. UNION EMPLOYS A FULL-TIME POSITION (COMMUNITY BENEFIT SPECIALIST) DEDICATED TO COMMUNITY BENEFIT ACTIVITIES FOR THE ORGANIZATION. THE COMMUNITY BENEFIT SPECIALIST TAKES ON THE LEAD ROLE IN COLLECTING DATA TO ASSIST IN ASSESSING THE NEEDS OF OUR COMMUNITY. THE WEB SITE STATSINDIANA.EDU HAS A WEALTH OF HEALTH, DEMOGRAPHIC AND INCOME DATA PROVIDING UNION WITH AN ASSESSMENT OF ALL INDIANA COUNTIES IN OUR SERVICE AREA. THE U.S. CENSUS BUREAU AND COUNTYHEALTHRANKINGS.ORG PROVIDED US MORE DATA THAT CAN BE DRILLED DOWN TO THE STATE, COUNTY AND CITY LEVELS TO HELP UNION OFFICIALS ACCURATELY ASSESS COMMUNITY HEALTH NEEDS. UNION ALSO WORKS CLOSELY WITH INDIANA STATE UNIVERSITY HEALTH AND HUMAN SERVICES AND THE VIGO COUNTY HEALTH DEPARTMENT. THE HOSPITAL UTILIZES NATIONAL RESEARCH CORPORATION (NRC) TO CONDUCT ITS PATIENT SATISFACTIONS SURVEY PROCESS. THE NRC PRODUCT PROVIDES UNION WITH COMMUNITY HEALTH NEEDS ASSESSMENT AND PROGRAM INDICATORS.

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 UHI USES A VARIETY OF TOOLS TO EDUCATE PATIENTS ABOUT THEIR ELIGIBILITY FOR FINANCIAL ASSISTANCE SIGNS ARE DISPLAYED IN THE ADMITTING AREAS, BROCHURES AND THE FINANCIAL ASSISTANCE POLICY IS ATTAINED ON OUR STATEMENTS CLAIMAID IS AVAILABLE OF POINT OF SERVICE ONSITE MEDICAID ELIGIBILITY ADVISOR THAT ASSISTS OUR PATIENTS IN QUALIFYING FOR ANY MEDICAID PROGRAMS ALL OF OUR FINANCIAL COUNSELORS ARE TRAINED AND SCRIPTED TO COMMUNICATE FINANCIAL ASSISTANCE PROGRAMS AND ASSIST IN SETTING UP MEETINGS FOR THE CLAIMAID STAFF FINANCIAL COUNSELORS ARE LOCATED IN THE ADMITTING IN BOTH UNION HOSPITAL EAST AND WEST FACILITIES AND AT UNION CLINTON FACILITY TO ASSIST OUR PATIENTS THIS INCLUDES STAFF THAT CAN SPEAK SPANISH TO ASSIST IN ANY INTERPRETATION FOR A SPANISH SPEAKING PATIENT
		PART VI, LINE 4 THE ORGANIZATION SERVES A SIX COUNTY "REGION" LOCATED IN WABASH VALLEY INCLUDING CLAY, GREEN, PARKE, SULLIVAN, VERMILLION, AND VIGO COUNTIES FOLLOWING IS A DESCRIPTION OF THE COMMUNITY BY COUNTY CLAY COUNTY - THE TOTAL POPULATION OF CLAY COUNTY IS 26,803, WHICH RANKS CLAY COUNTY AS 59TH IN INDIANA THE LARGEST CITY IN CLAY COUNTY IS BRAZIL, WITH A POPULATION OF 8,073 THE COUNTY IS 357 54 SQUARE MILES, WHICH MAKES THE POPULATION PER SQUARE MILE 75 20 THERE ARE 1,558 PRESCHOOL CHILDREN AGES 0 TO 4, 4,698 SCHOOL CHILDREN AGES 5 TO 17, 2,236 COLLEGE AGES 18 TO 24, 6,508 YOUNG ADULTS AGES 25 TO 44, 7,605 OLDER ADULTS AGES 45 TO 64, AND 4,232 SENIORS AGES 65 AND OLDER THE MEDIAN AGE OF PEOPLE IN CLAY COUNTY IS 40 5 YEARS OLD IN CLAY COUNTY THERE ARE 26,296 WHITES, 312 HISPANICS, 127 BLACKS, 84 ASIANS, 71 AMERICAN INDIAN AND ALASKA NATIVE, 10 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 249 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2012 WAS \$44,230, WHICH RANKED 56TH IN THE STATE THE POVERTY RATE IS 15 65%, WHICH RANKS 33TH IN THE STATE THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 22 9%, WHICH RANKS 44TH IN THE STATE IN 2013, THERE WAS AN AVERAGE OF 46 FAMILIES ON WELFARE EACH MONTH, WHICH IS 47ND IN THE STATE THERE WERE 4,049 PEOPLE HAD FOOD STAMPS IN 2013, WHICH RANKS 50ND IN THE STATE THERE WERE 2,288 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, WHICH RANKS 53TH IN THE STATE IN CLAY COUNTY, 11,145 PEOPLE ARE EMPLOYED, WHICH RANKS 63ND IN THE STATE AND 1,060 PEOPLE ARE UNEMPLOYED, WHICH RANKS 56RD IN THE STATE GREENE COUNTY - THE POPULATION IN GREENE COUNTY IS 32,781, WHICH RANKS THEM AS 51ST IN INDIANA THE LARGEST CITY IN GREENE COUNTY IS LINTON, WITH A POPULATION OF 5,373 THE COUNTY IS 542 50 SQUARE MILES, WHICH MAKES THE POPULATION PER SQUARE MILE 60 43 THERE ARE 1,831 PRESCHOOL CHILDREN AGES 0 TO 4, 5,690 SCHOOL CHILDREN AGES 5 TO 17, 2,525 COLLEGE AGES 18 TO 24, 7,682 YOUNG ADULTS AGES 25 TO 44, 9,541 OLDER ADULTS AGES 45 TO 64, AND, 5,671 SENIORS AGES 65 AND OLDER THE MEDIAN AGE IN GREENE COUNTY IS 42 1 YEARS OLD IN GREENE COUNTY THERE ARE 32,346 WHITES, 351 HISPANICS, 82 BLACKS, 114 ASIANS, 106 AMERICAN INDIAN OR ALASKA NATIVE, 7 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 285 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2010 WAS \$42,684, WHICH IS RANKED 66TH IN THE STATE THE POVERTY RATE IS 15 9%, WHICH RANKS 27ST IN INDIANA THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 22 0%, WHICH RANKS 38TH IN THE STATE IN 2013 THERE WAS AN AVERAGE OF 47 FAMILIES ON WELFARE EACH MONTH, WHICH IS 46TH IN THE STATE THERE WERE 4,796 PEOPLE RECEIVING FOOD STAMPS IN 2013, WHICH RANKS 38TH IN THE STATE THERE WERE 2,595 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, THIS IS 37TH IN THE STATE IN GREENE COUNTY 13,652 PEOPLE ARE EMPLOYED, WHICH RANKS 53ND IN THE STATE 1,261 PEOPLE ARE UNEMPLOYED, WHICH RANKS 44TH IN INDIANA SULLIVAN COUNTY - THE TOTAL POPULATION IS JUST OVER 21,000, WHICH RANKS SULLIVAN 69TH IN INDIANA THE LARGEST CITY IS SULLIVAN, WITH A POPULATION OF 4,205 THE COUNTY IS 447 10 SQUARE MILES, WHICH MAKES THE POPULATION PER SQUARE MILE 47 47 THERE ARE 1,105 PRESCHOOL CHILDREN AGES 0 TO 4, 3,374 SCHOOL CHILDREN AGES 5 TO 17, 1,882 COLLEGE AGES 18 TO 24, 5,660 YOUNG ADULTS AGES 25 TO 44, 6,870 OLDER ADULTS AGES 45 TO 64, AND, 3,297 SENIORS AGES 65 AND OLDER THE MEDIAN AGE OF PEOPLE IN SULLIVAN COUNTY IS 40 1 YEARS OLD IN SULLIVAN COUNTY THERE ARE 19,908 WHITES, 325 HISPANICS, 938 BLACKS, 52 ASIANS, 65 AMERICAN INDIAN AND ALASKA NATIVE, 1 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 224 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2012 WAS \$41,223, WHICH RANKED 78TH IN THE STATE THE POVERTY RATE IS 18 20%, WHICH RANKS 12TH IN THE STATE THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 23 6%, WHICH RANKS 17TH IN THE STATE IN 2013, THERE WAS AN AVERAGE OF 31 FAMILIES ON WELFARE EACH MONTH, WHICH IS 60TH IN THE STATE THERE WERE 3,060 PEOPLE RECEIVING FOOD STAMPS IN 2013, WHICH RANKS 66TH IN THE STATE THERE WERE 1,613 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, WHICH RANKS 67TH IN THE STATE IN SULLIVAN COUNTY 7,623 PEOPLE ARE EMPLOYED, WHICH RANKS 76TH IN THE STATE 859 PEOPLE ARE UNEMPLOYED, WHICH RANKS 66TH IN THE STATE PARKE/VERMILLION COUNTY - THE POPULATION IN PARKE COUNTY IS 17,202, WHICH RANKS 76TH IN THE STATE OF INDIANA THE LARGEST CITY IS ROCKVILLE WITH A POPULATION OF 2,581 PEOPLE PARKE COUNTY HAS 444 70 SQUARE MILES WITH 38 68 PEOPLE PER SQUARE MILE THERE ARE 958 PRESCHOOL AGES 0 TO 4, 2,705 SCHOOL CHILDREN AGES 5 TO 17, 1,413 COLLEGE AGES 18 TO 24, 4,160 YOUNG ADULTS AGES 25 TO 44, 5,009 OLDER ADULTS AGES 45 TO 64, AND, 2,824 SENIORS AGES 65 AND OLDER THE MEDIAN AGE IN PARKE COUNTY IS 41 7 YEARS OLD THERE ARE 16,443 WHITES, 412 BLACKS, 214 HISPANICS, 74 AMERICAN INDIAN OR ALASKA NATIVE, 33 ASIAN, 4 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 103 PEOPLE WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN PARKE COUNTY IS \$41,311, WHICH RANKS 77TH IN THE STATE THE POVERTY RATE IS 18 2%, WHICH RANKS 12TH IN THE STATE, AND THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 28 7%, WHICH RANKS 8TH IN THE STATE IN 2013, AN AVERAGE OF 35 FAMILIES EACH MONTH WAS ON WELFARE THIS RANKS AS 56TH IN THE STATE OF INDIANA THERE WERE 2,237 PEOPLE ON FOOD STAMPS IN 2013, WHICH IS 74TH IN THE STATE THERE WERE 1,299 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, WHICH IS 74TH IN THE STATE OF INDIANA THERE ARE 6,894 EMPLOYED PEOPLE IN PARKE COUNTY, WHICH RANKS 79TH IN THE STATE THERE ARE 650 UNEMPLOYED PEOPLE, WHO RANKS 78TH IN THE STATE THE POPULATION IN VERMILLION COUNTY IS 15,878, WHICH RANKS 79TH IN THE STATE THE LARGEST CITY IN VERMILLION COUNTY IS CLINTON WITH A POPULATION OF 4,826 PEOPLE VERMILLION COUNTY HAS 256 90 SQUARE MILES AND A POPULATION PER SQUARE MILE OF 61 81 THERE ARE 927 PRESCHOOL AGES 0 TO 4, 2,759 SCHOOL CHILDREN AGES 5 TO 17, 1,223 COLLEGE AGES 18 TO 24, 3,694 YOUNG ADULTS AGES 25 TO 44, 4,610 OLDER ADULTS AGES 45 TO 64, AND, 2,827 SENIORS AGES 65 AND OLDER THE MEDIAN AGE IN VERMILLION COUNTY IS 42 1 YEARS OLD IN VERMILLION COUNTY THERE ARE 15,777 WHITES, 160 HISPANICS, 44 BLACKS, 41 AMERICAN INDIAN OR ALASKA NATIVE, 34 ASIANS, 6 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 138 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2010 IS \$42,709, WHICH RANKS 64TH IN INDIANA THE POVERTY RATE IN 2012 WAS 14 6%, WHICH RANKS 42ND IN THE STATE THE POVERTY RATE AMONG CHILDREN FEWER THAN 18 IS 21 3%, WHICH RANKS 40TH IN INDIANA IN 2013, THE AVERAGE NUMBER OF FAMILIES ON WELFARE EACH MONTH WAS 36, THIS IS 69TH IN THE STATE THERE WERE 2,408 PEOPLE ON FOOD STAMPS IN 2013, WHICH RANKS 69TH IN INDIANA THERE WERE 1,273 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013 IN VERMILLION COUNTY, THERE ARE 6,638 PEOPLE EMPLOYED, WHICH RANKS 81ST IN THE STATE OF INDIANA AND THERE ARE 785 PEOPLE UNEMPLOYED, WHO RANKS 73RD IN THE STATE VIGO COUNTY - THE TOTAL POPULATION OF VIGO COUNTY WAS 108,291 FOR 2013 VIGO COUNTY IS RANKED 17TH IN THE STATE OF INDIANA ACCORDING TO POPULATION THERE ARE 6,263 PRESCHOOL AGES 0 TO 4, 16,485 SCHOOL AGE CHILDREN AGES 5 TO 17, 16,101 COLLEGE AGE ADULTS AGES 18 TO 24, 27,149 YOUNG ADULTS AGES 25 TO 44, 27,374 OLDER ADULTS AGES 45 TO 64, AND 15,056 SENIORS AGES 65 AND OVER THE MEDIAN AGE FOR VIGO COUNTY IS 35 9 YEARS OLD THE LARGEST CITY IN VIGO COUNTY IS TERRE HAUTE, WHICH HAS A POPULATION OF 61,112 PEOPLE TERRE HAUTE IS THE HOME TO 56 4% OF THE COUNTY'S POPULATION THE COUNTY'S POPULATION MAJORITY IS WHITE WITH 95,941 PEOPLE THERE ARE 7,701 BLACKS, 2,004 ASIANS, 2,671 HISPANICS, 397 AMERICAN INDIAN OR ALASKA NATIVE, 41 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 2,344 PEOPLE WITH TWO OR MORE RACIAL GROUPS THE AVERAGE HOUSEHOLD INCOME FOR VIGO COUNTY IS \$40,091, WHICH RANKS 83RD IN THE STATE OF INDIANA THE POVERTY RATE IS 20 3%, WHICH IS 6TH IN INDIANA AND THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 29 0%, WHICH IS 7TH IN INDIANA IN 2013, THERE WERE 18,596 PEOPLE WHO RECEIVED FOOD STAMPS, WHICH IS 10TH IN THE STATE OF INDIANA THERE ARE 8,451 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN VIGO COUNTY, WHICH IS 14TH IN INDIANA IN 2013, THERE WAS AN AVERAGE OF 217 FAMILIES ON WELFARE EACH MONTH, WHICH IS 10TH IN THE STATE OF INDIANA THERE ARE 44,750 PEOPLE EMPLOYED IN VIGO COUNTY, WHICH RANKS 16TH IN THE STATE AND 4,694 PEOPLE UNEMPLOYED, WHICH RANKS 11TH IN THE STATE THE ANNUAL UNEMPLOYMENT RATE FOR 2013 WAS 9 5, WHICH IS 22ND IN THE STATE OF INDIANA

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 UNION HOSPITAL, ALONG WITH TERRE HAUTE REGIONAL HOSPITAL ARE FOUNDING MEMBERS OF THE TERRE HAUTE CHAMBER OF COMMERCE BETTER HEALTH WABASH VALLEY INITIATIVE (BHWV) THE ORIGINAL COMMITMENT WAS TO ASSIST IN THE PURCHASE OF THE COMMUNITY HEALTH NEEDS ASSESSMENT DATA AND TO MAKE THAT DATA WIDELY AVAILABLE TO THE PUBLIC BETTER HEALTH WABASH VALLEY NOW HAS ADDITIONAL SUPPORTING MEMBERS INCLUDING SULLIVAN COUNTY COMMUNITY HOSPITAL, HAMILTON CENTER AND UNITED WAY OF THE WABASH VALLEY THESE ORGANIZATIONS HAVE MADE A FINANCIAL CONTRIBUTION TO BETTER HEALTH WABASH VALLEY ALL MONIES CONTRIBUTED TO BETTER HEALTH WABASH VALLEY GO THROUGH THE TERRE HAUTE CHAMBER OF COMMERCE FOUNDATION WHICH IS A 501 (C)(3) ORGANIZATION BETTER HEALTH WABASH VALLEY'S MISSION IS TO IMPROVE THE OVERALL HEALTH OF THE COMMUNITY WHILE MAKING THE WABASH VALLEY A HEALTHIER COMMUNITY TO LIVE, WORK AND PLAY BETTER HEALTH WABASH VALLEY IS REPRESENTED BY SEVERAL DIFFERENT ORGANIZATIONS IN THE COMMUNITY INCLUDING, HEALTHCARE AND MENTAL HEALTH ORGANIZATIONS, SCHOOL CORPORATIONS, UNIVERSITIES, NOT-FOR-PROFITS AND BUSINESSES UNION HOSPITAL WILL REMAIN HEAVILY INVOLVED AND COMMITTED TO THE BETTER HEALTH WABASH VALLEY INITIATIVE OVER THE NEXT SEVERAL YEARS AS EMPLOYERS IN THE WABASH VALLEY LOOK FOR WAYS TO KEEP HEALTH INSURANCE CLAIMS AT A MINIMUM WE WILL WORK WITH THEM ON EMPLOYEE WELLNESS STRATEGIES, ADDITIONALLY WE WILL ASSIST IN PROGRAM DEVELOPMENT THAT COULD BE IMPLEMENTED ON AN ORGANIZATIONAL LEVEL AT LITTLE TO NO COST TO THE EMPLOYER AN EXAMPLE OF THIS MIGHT BE PROVIDING MATERIALS OR ONLINE RESOURCES FOR A WALKING PROGRAM BETTER HEALTH WABASH VALLEY AND ITS MEMBERS HAVE DECIDED TO FOCUS ON CARDIOVASCULAR DISEASE, OBESITY AND CHILDHOOD OBESITY AS TOP ISSUES THAT THEY WILL FOCUS ON OVER THE NEXT THREE YEARS</p>
		<p>PART VI, LINE 6 THE ORGANIZATION IS PART OF AN AFFILIATED HEALTH CARE SYSTEM TO PROVIDE VISION AND STRATEGIC DIRECTION IN THE FORMATION OF A REGIONAL HEALTH CARE SYSTEM TO EXPAND AND IMPROVE THE DELIVERY OF HEALTH CARE SERVICES IN ORDER TO MEET THE HEALTH CARE NEEDS OF RESIDENTS IN THE SYSTEM'S SERVICE AREA</p>

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

Additional Data

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

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

Section C. Other 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?

14

Name and address	Type of Facility (describe)
CLARA FAIRBANKS CENTER FOR WOMEN 1711 N 6 1/2 ST HUX CANCER CTR 3RD FLOOR TERRE HAUTE,IN 47804	MAMMOGRAPHY CENTER
CLAY CITY CENTER FOR FAMILY MEDICINE 315 LANKFORD ST PO BOX 96 CLAY CITY,IN 47841	MAMMOGRAPHY CENTER
IMAGING SERVICES - THOMAS PROF PLAZA 5500 S US HWY 41 TERRE HAUTE,IN 47802	MAMMOGRAPHY CENTER
PEDIATRIC THERAPY SERVICES 450 8TH AVE TERRE HAUTE,IN 47804	MAMMOGRAPHY CENTER
PROVIDENCE MEDICAL GROUP CATH LAB 2723 S 7TH ST TERRE HAUTE,IN 47802	MAMMOGRAPHY CENTER
PROVIDENCE MEDICAL GROUP CHEMO THERAPY 2723 S 7TH ST TERRE HAUTE,IN 47802	MAMMOGRAPHY CENTER
THERAPY SERVICES (UPA BONE & JOINT) 1725 N 5TH ST TERRE HAUTE,IN 47804	MAMMOGRAPHY CENTER
THERAPY SERVICES - PROFESSIONAL PLAZA 4001 E WABASH AVENUE TERRE HAUTE,IN 47803	MAMMOGRAPHY CENTER
THERAPY SERVICES - ST MARY OF THE WOODS ONE SISTER OF PROVIDENCE ST MARY OF THE WOOD,IN 47876	MAMMOGRAPHY CENTER
UNION FAMILY MEDICINE EAST 4001 E WABASH AVENUE TERRE HAUTE,IN 47803	MAMMOGRAPHY CENTER
UNION HOSPITAL FAMILY MEDICINE CENTER 1513 N 6 1/2 ST TERRE HAUTE,IN 47807	MAMMOGRAPHY CENTER
UNION HOSPITAL HUX CANCER CENTER 1711 N 6 1/2 ST TERRE HAUTE,IN 47804	MAMMOGRAPHY CENTER
WABASH VALLEY SURGERY CENTER 1421 N 7TH ST TERRE HAUTE,IN 47807	MAMMOGRAPHY CENTER
PROFESSIONAL OFFICE BUILDING 1530 N 7TH ST TERRE HAUTE,IN 47807	MAMMOGRAPHY CENTER

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
UNION HOSPITAL INC

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Employer identification number
35-0876396

Part I General Information on Grants and Assistance

1

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

☒ Yes ☐ No

2

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. 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
See Additional Data Table							

2

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

15

3

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

2

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
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
(1) SCHOLARSHIPS	9	32,400			

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

Software ID:

Software Version:

EIN: 35-0876396

Name: UNION HOSPITAL INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
MARION UNIVERSITY3200 COLD SPRING RD INDIANAPOLIS,IN 46222	35-0868175	501C3	40,000				MAKE HISTORY PLEDGE
IHA HOSPITAL ASSISTANCE FOUNDATION1 AMERICAN SQ INDIANAPOLIS,IN 46282	45-5573749	501C3	39,483				GENERAL CONTRIBUTION FOR ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
UNITED WAY OF THE WABASH VALLEY2901 OHIO BLVD STE 215 TERRE HAUTE,IN 47803	35-1008531	501C3	25,000				GENERAL CONTRIBUTION
SAINT MARY-OF-THE-WOODS COLLEGE1 ST MARY OF WOODS COLL SAINT MARY OF THE WOOD,IN 47876	35-1065063	501C3	11,000				GENERAL CONTRIBUTION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN LUNG ASSOCIATION55 W WACKER DRIVE CHICAGO,IL 60601	13-1632524	501C3	10,000				GENERAL CONTRIBUTION
TERRE HAUTE BOYS & GIRLS CLUB924 N 13TH ST TERRE HAUTE,IN 47807	35-0868182	501C3	10,000				GENERAL CONTRIBUTION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
VIGO COUNTY SCHOOL CORPORATIONPO BOX 3703 TERRE HAUTE,IN 47803	35-6007261	N/A	10,000				GENERAL DONATION
TERRE HAUTE CHILDRENS MUSEUM727 WABASH AVE TERRE HAUTE,IN 47807	31-1224051	501C3	8,000				DONATION OF RENTAL OFFICE SPACE TO ORGANIZATION TO FURTHER ITS EXEMPT PURPOS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
COALITION TO PROTECT AMERICA'S HEALTH CARE PO BOX 30211 BETHESDA,MD 20824	52-2253225	501C4	6,000				GENERAL CONTRIBUTION
SUSAN G KOMEN WABASH VALLEYTHE MEADOWS STE 19 TERRE HAUTE,IN 47803	75-2844615	501C3	5,000				GENERAL CONTRIBUTION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST VINCENT PEYTON MANNING CHILDREN'S HOSPITAL10330 N MERIDIAN ST INDIANAPOLIS,IN 46290	35-6088862	501C3	5,000				GENERAL CONTRIBUTION
DOWNTOWN TERRE HAUTE PO BOX 9445 TERRE HAUTE,IN 47808	35-2075017	501C3	5,000				GENERAL CONTRIBUTION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN CANCER SOCIETY250 WILLIAMS ST ATLANTA,GA 30303	13-1788491	501C3	5,000				GENERAL CONTRIBUTION
INDIANA PUBLIC HEALTH FOUNDATION8063 MADISON AVENUE INDIANAPOLIS,IN 46227	35-6048182	501C3	5,000				GENERAL CONTRIBUTION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
IVY TECH FOUNDATION50 W FALL CREEK PARKWAY NORTH DR INDIANAPOLIS,IN 46208	23-7073977	501C3	5,000				GENERAL CONTRIBUTION
ROSE-HULMAN INSTITUTE OF TECHNOLOGY5500 WASBASH AVE TERRE HAUTE,IN 47803	35-0868149	501C3	5,000				GENERAL CONTRIBUTION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
TERRE HAUTE CROW COMMITTEEPO BOX 3688 TERRE HAUTE,IN 47803	27-3875936	501C3	5,000				GENERAL DONATION

Schedule J (Form 990) <div>Department of the Treasury Internal Revenue Service</div>	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 UNION HOSPITAL INC	Employer identification number 35-0876396
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Part I	Questions Regarding Compensation		Yes	No	
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items				
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>				
1b	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				
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				
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>				
	4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
	<div><div>4a</div><div>4b</div><div>4c</div></div>	Receive a severance payment or change-of-control payment? Participate in, or receive payment from, a supplemental nonqualified retirement plan? Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	Yes		No
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				
	<div><div>5a</div><div>5b</div></div>	The organization? Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No	
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				
	<div><div>6a</div><div>6b</div></div>	The organization? Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No	
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	Yes		
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III				
	<div><div>8</div><div>9</div></div>			No	
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?				

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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
	PART I, LINE 4A	SEVERANCE PAYMENTS WERE MADE TO THE CURRENT AND FORMER PRESIDENT/CEO DURING FISCAL YEAR 2013 THAT WILL BE INCLUDED IN THE 12/31/2013 FORM W-2 AND REPORTED ON THE 8/31/2014 TAX YEAR RETURN
	PART I, LINE 7	THE ORGANIZATION PROVIDES NON-FIXED PAYMENTS TO SEVERAL INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A. THESE NON-FIXED PAYMENTS ARE BASED ON THE ORGANIZATION'S ABILITY TO PAY AND ARE NOT CONSTRUED AS A CONTRACT BETWEEN UNION AND ITS EXECUTIVES. THE EXECUTIVE BONUS PLAN IS A MIXTURE OF OBJECTIVES, STANDARDS AND SUBJECTIVE STANDARDS THAT BOTH THE POLICY AND THE IMPLEMENTATION OF THE POLICY BY THE PERSONNEL COMMITTEE AND THE BOARD OF DIRECTORS APPROVES AND AWARDS DEPENDING ON UNION'S ABILITY TO PAY. THERE IS NO AUTOMATIC RIGHT TO A BONUS OR A SPECIFIC BONUS AMOUNT EVEN IF ALL CRITERIA ARE MET. THE PERFORMANCE MEASURE PLAN IS LINKED TO THE UNION STRATEGIC AND FISCAL-YEAR BUSINESS PLANNING PROCESS. THE PLAN IS INTENDED TO FOCUS PARTICIPANTS' ATTENTION ON MISSION-CRITICAL GOALS AND KEY STRATEGIC PRIORITIES. THE PLAN IS ALSO INTENDED TO ENHANCE THE PERFORMANCE OF UNION EXECUTIVES AND THE ORGANIZATION. PRIOR TO THE START OF THE FISCAL YEAR AND AS PART OF THE BUSINESS PLANNING PROCESS, THE UNION PRESIDENT AND CEO WILL FINALIZE A LIST OF GOALS, WEIGHTS AND MEASURES TO BE USED TO ASSESS PERFORMANCE DURING THE FISCAL YEAR. THE LIST IS PRESENTED TO AND DISCUSSED WITH THE COMMITTEE. THE COMMITTEE REVIEWS AND APPROVES THE BONUS PLAN GOALS, WEIGHTS, AND MEASURES. ORGANIZATION GOALS WILL BE ASSIGNED TO EACH PARTICIPANT. HOSPITAL-WIDE, IN ADDITION TO HOSPITAL-WIDE GOALS, INDIVIDUAL AND/OR FUNCTIONAL/DEPARTMENT GOALS MAY OR MAY NOT BE INCLUDED. AFTER THE CONCLUSION OF EACH FISCAL YEAR, THE PRESIDENT AND CEO WILL PREPARE AN ANNUAL BONUS PLAN REPORT FOR THE COMMITTEE. THE REPORT CONTAINS AN APPRAISAL OF UNION AND HOSPITAL/OPERATING UNIT PERFORMANCE DURING THE RECENTLY-COMPLETED FISCAL YEAR, AND THE PRESIDENT AND CEO'S RECOMMENDED PAYOUT FOR EACH PLAN PARTICIPANT. THE BONUS RECOMMENDATIONS FOR ALL SR MANAGEMENT ARE RECEIVED AND REVIEWED FIRST BY THE PERSONNEL COMMITTEE WHO THEN MAKE DECISIONS AND SUBMITS TO THE BOARD TO VOTE. THE COMMITTEE WILL DETERMINE AND SUBMIT THE PAYOUT FOR THE PRESIDENT AND CEO TO THE BOARD OF DIRECTORS WHO, ABSENT THE PRESIDENT AND CEO, WILL VOTE ON APPROVAL. AWARD DETERMINATIONS ARE CALCULATED AS PERCENTAGES OF PARTICIPANT'S SALARIES PAID FOR TIME WORKED DURING THE FISCAL YEAR. PAYOUT FOR THE PRESIDENT IS 0% TO 30%, CFO AND COO ARE 0% TO 25%, AND OTHER EXECUTIVES ARE 0% TO 20%. THE EXECUTIVE BONUS PLAN PAYOUTS ARE TO BE PAID WHEN DETERMINED BY THE PERSONNEL COMMITTEE, SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS.
SUPPLEMENTAL INFORMATION	PART III	PART II, COLUMN (B)(III) - THE HOSPITAL PROVIDES SPLIT DOLLAR LIFE INSURANCE POLICIES TO CERTAIN OFFICERS, DIRECTORS, KEY EMPLOYEES AND HIGHEST COMPENSATED EMPLOYEES. FOR THE TAX YEAR 2012 THE FOLLOWING PAYMENTS WERE MADE TO PARTICIPATE IN THE POLICY AND ARE RECORDED AS NEGATIVE AMOUNT IN THE OTHER REPORTABLE COMPENSATION COLUMN (III): (2) WAYNE HUTSON \$33,460 (4) SALLY ZUEL \$14,622 (5) RAMESH TANK \$14,199 (6) LINGAN SIDDA \$13,891 (7) SANJAY PATHAK \$14,298 (8) NABIL MNAYARJI \$24,592 (10) DAVID DOEER \$13,650

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

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				
SCOTT TEFFETELLER	(i)	413,918	47,500	16,348	11,592	25,803	515,161	0
	(ii)	0	0	0	0	0	0	0
WAYNE HUTSON	(i)	202,181	45,938	32,644	15,105	11,115	306,983	0
	(ii)	0	0	0	0	0	0	0
KYM PFRANK	(i)	179,667	48,338	27,572	15,650	16,646	287,873	0
	(ii)	0	0	0	0	0	0	0
JOHN BOLINGER	(i)	327,370	99,000	15,000	7,145	15,445	463,960	0
	(ii)	0	0	0	0	0	0	0
JEANNETTE SPRADLIN	(i)	113,906	22,400	5,169	8,258	9,224	158,957	0
	(ii)	0	0	0	0	0	0	0
RHONDA SMITH	(i)	182,954	51,629	0	1,982	27,286	263,851	0
	(ii)	0	0	0	0	0	0	0
SALLY ZUEL	(i)	147,693	51,175	0	10,136	9,665	218,669	0
	(ii)	0	0	0	0	0	0	0
KRISTI WILLIAMS	(i)	138,937	15,722	0	7,409	25,532	187,600	0
	(ii)	0	0	0	0	0	0	0
PRADEEP NAROTAM	(i)	664,922	262,885	0	11,592	25,803	965,202	0
	(ii)	0	0	0	0	0	0	0
RAMESH TANK	(i)	426,453	486,170	0	11,592	27,303	951,518	0
	(ii)	0	0	0	0	0	0	0
LINGAN SIDDA	(i)	420,546	476,176	0	11,592	18,794	927,108	0
	(ii)	0	0	0	0	0	0	0
NABIL MNAYARJI	(i)	690,535	137,126	0	11,592	24,447	863,700	0
	(ii)	0	0	0	0	0	0	0
GEORGE SPENCER	(i)	401,353	410,192	0	7,034	21,588	840,167	0
	(ii)	0	0	0	0	0	0	0
DAVID DOERR	(i)	288,261	6,703	0	16,075	27,032	338,071	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
UNION HOSPITAL INC

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number

35-0876396

Part I Bond Issues

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

Part II Proceeds

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

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X					
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		X				

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X		X				
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X				

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI

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

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

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization UNION HOSPITAL INC	Employer identification number 35-0876396
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) FOREST SHERER INC	SEE PART V BELOW	906,613	SEE PART V		No
(2) AP&S CLINIC NORTH SIDE	SEE PART V BELOW	1,757,014	SEE PART V		No
(3) BUNCH NURSERIES INC	SEE PART V BELOW	66,656	SEE PART V		No

Part V Supplemental Information

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

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

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

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

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

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

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

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

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

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

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

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

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN PERMANETLY RESTRICTED NET ASSETS 94,426 CHANGE IN PENSION LIABILITY - 14,788,484 TRANSFER TO RELATED PARTY UNREALIZED CHANGE IN IPACS INVESTMENT 113,694 UNREALIZED CHANGE IN IHRRRG - RISK RETENTION GROUP 542,131 UNREALIZED CHANGE IN COH INVESTMENT 98,181 UNREALIZED CHANGE IN UAPC INVESTMENT -1,411,649

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

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UNION HOSPITAL INC

Employer identification number
35-0876396

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" 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) IPACS INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 35-1720998	CLINIC MANAGEMENT	IN			UNION HOSPITAL
(2) UNION ASSOCIATED PHYSICIANS CLINIC INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 27-0581401	PHYSICIAN GROUP	IN			UNION HEALTH SYSTEM

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	No
(1) UNION HEALTH SYSTEMS 1606 N SEVENTH ST TERRE HAUTE, IN 47804 27-0581133	MANAGEMENT ORGANIZATION	IN	501(C)(3)	LINE 11B, II	N/A		No
(2) CENTER FOR OCCUPATIONAL HEALTH 4001 WABASH AVE TERRE HAUTE, IN 47803 35-2118417	OCCUPATIONAL HEALTH SERVICES	IN	501(C)(3)	LINE 7	UNION HOSPITAL	Yes	
(3) UNION HOSPITAL HEALTH SERVICES INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 35-1642805	HEALTH SERVICES	IN	501(C)(3)	LINE 9	UNION HOSPITAL	Yes	
(4) UNION HOSPITAL FOUNDATION 1659 N SEVENTH ST TERRE HAUTE, IN 47804 35-1642823	FUNDRAISING	IN	501(C)(3)	LINE 11C, III-FI	UNION HOSPITAL		No

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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) UNION ASSOCIATED PHYSICIAN CLINIC INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 27-0581401	PHYSICIAN GROUP	IN	N/A									

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	No

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h No

1i No

1j Yes

1k No

1l Yes

1m No

1n No

1o Yes

1p No

1q Yes

1r No

1s Yes

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CENTER FOR OCCUPATIONAL HEALTH	0	670,150	FAIR MARKET VALUE OF SERVICES

Schedule R (Form 990) 2012

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

[illegible]

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

AUGUST 31, 2013 AND 2012



UNION HOSPITAL INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Union Hospital
Terre Haute, Indiana

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Union Hospital, Inc and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of August 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General in the United States and Guidelines for Examination of Entities Receiving Financial Assistance From Governmental Sources, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Board of Directors
Union Hospital
Terre Haute, Indiana

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 Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of August 31, 2013 and 2012, and its changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF A MATTER

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

Board of Directors
Union Hospital
Terre Haute, Indiana

REPORT ON SUPPLEMENTARY INFORMATION

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information listed in the accompanying table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the balance sheet, results of operations, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2013 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
December 24, 2013

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AUGUST 31, 2013 AND 2012

ASSETS		
	2013	2012
Current assets		
Cash and cash equivalents	\$ 20,783,737	\$ 33,232,355
Funds held by trustee, current portion	9,624,684	9,357,980
Board designated funds, current portion	15,946,469	11,931,261
Patient accounts receivable, net	55,446,826	51,218,192
Inventories	4,393,058	4,361,427
Prepaid expenses and other current assets	2,217,850	4,276,243
Total current assets	108,412,624	114,377,458
Investments limited as to use, less current portion		
Funds held by trustee	24,409,313	24,270,756
Board designated funds	32,348,588	31,115,861
Permanently restricted	1,403,823	1,309,397
Total investments limited as to use	58,161,724	56,696,014
Property and equipment		
Land and improvements	37,180,324	37,291,582
Buildings and fixed equipment	334,765,916	314,488,563
Movable equipment	125,636,776	119,468,982
	497,583,016	471,249,127
Less allowances for depreciation	213,829,011	191,837,773
	283,754,005	279,411,354
Construction in progress	2,377,340	16,123,962
Total property and equipment, net	286,131,345	295,535,316
Other assets		
Due from Union Hospital Foundation, Inc	3,022,998	4,495,347
Deferred financing costs, net	2,895,002	3,090,878
Intangible assets, net	4,338,399	5,982,856
Investment in joint ventures	4,351,130	1,876,586
	14,607,529	15,445,667
Total assets	\$ 467,313,222	\$ 482,054,455

See accompanying notes to consolidated financial statements

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AUGUST 31, 2013 AND 2012

LIABILITIES AND NET ASSETS

	2013	2012
Current liabilities		
Accounts payable and other current liabilities	\$ 22,655,027	\$ 22,725,206
Salaries, wages and related liabilities	21,823,388	19,782,599
Accrued interest	7,809,684	7,842,998
Estimated third party settlements	2,454,979	3,073,530
Current portion of long-term debt	3,516,190	3,476,124
Total current liabilities	58,259,268	56,900,457
Long-term liabilities		
Long-term debt, less current portion	268,480,278	271,498,185
Deferred revenue	210,418	301,122
Pension liability and related obligations	10,707,839	4,886,980
Other long-term liabilities	2,984,073	3,846,484
Total long-term liabilities	282,382,608	280,532,771
Total liabilities	340,641,876	337,433,228
Net assets		
Unrestricted	122,155,376	138,736,584
Temporarily restricted	3,112,147	4,575,246
Permanently restricted	1,403,823	1,309,397
Total net assets	126,671,346	144,621,227
Total liabilities and net assets	\$ 467,313,222	\$ 482,054,455

See accompanying notes to consolidated financial statements

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Operating revenue		
Net patient service revenue (net of contractual allowances and discounts including charity care provisions of \$37,723,498 and \$38,737,421 in 2013 and 2012 respectively)	\$ 434,458,182	\$ 462,535,259
Less provision for bad debts	31,155,783	41,305,687
Net patient service revenue net of provision for bad debts	403,302,399	421,229,572
Other revenue	8,716,212	8,984,417
Total operating revenue	412,018,611	430,213,989
Operating expenses		
Salaries and wages	138,966,294	126,244,707
Employee benefits	27,097,411	27,386,336
Medical supplies and drugs	60,509,432	67,547,992
Physician services	5,844,820	10,742,853
Contract services	66,038,402	65,890,224
Rent and leases	11,811,675	12,068,132
Utilities, supplies, and other	37,756,883	36,646,744
Hospital assessment fee	17,166,074	17,902,630
Depreciation and amortization	25,672,334	24,499,566
Interest	16,224,111	14,902,184
Total operating expenses	407,087,436	403,831,368
Income from operations	4,931,175	26,382,621
Non-operating gains (losses)		
Investment income	709,533	583,708
Investment in joint ventures	(869,620)	1,526,361
Other	(60,699)	(73,927)
Total non-operating gains	(220,786)	2,036,142
Excess of revenue over (under) expenses	4,710,389	28,418,763
Other changes in unrestricted net assets		
Pension related changes other than net pension cost	(14,788,484)	(307,884)
Net unrealized gain on investments	987,600	788,981
Net assets released for property and equipment	1,593,781	1,159,747
Transfers to Union Health System	(9,084,494)	(12,071,545)
Change in unrestricted net assets	(16,581,208)	17,988,062
Temporarily restricted net assets		
Other changes in receivable from Union Hospital Foundation, Inc	130,682	391,906
Net assets released for property and equipment	(1,593,781)	(1,159,747)
Change in temporarily restricted net assets	(1,463,099)	(767,841)
Permanently restricted net assets		
Net investment income	94,426	74,753
Change in net assets	(17,949,881)	17,294,974
Net assets		
Beginning of year	144,621,227	127,326,253
End of year	\$ 126,671,346	\$ 144,621,227

See accompanying notes to consolidated financial statements

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
Operating activities		
Change in net assets	\$ (17,949,881)	\$ 17,294,974
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	22,721,006	21,958,692
Amortization	2,951,328	2,540,874
Provision for bad debts	31,155,783	41,305,687
Transfers to Union Health System	9,084,494	12,071,545
Loss on property disposals	60,699	73,927
Net unrealized gain on investments	(987,600)	(788,981)
Pension related changes other than net periodic pension cost	14,788,484	307,884
Changes in operating assets and liabilities		
Patient accounts receivable	(35,384,417)	(43,152,884)
Other current and noncurrent assets	1,113,572	(3,269,900)
Accounts payable and other current liabilities	(229,479)	805,374
Salaries, wages and related liabilities	2,040,789	2,563,041
Other long-term liabilities	(9,830,036)	(3,965,631)
Estimated third-party payor settlements	(618,551)	3,683,588
Accrued interest	(33,314)	(27,136)
Deferred revenue	(90,704)	(100,325)
Net cash flows from operating activities	18,792,173	51,300,729
Investing activities		
Purchases of property and equipment	(13,283,120)	(26,296,982)
Proceeds from sale of property and equipment	64,686	52,284
Payments of intangible asset	(1,200,000)	(900,000)
Change in trustee held investments	(405,261)	11,507,331
Change in board designated funds and other	(4,354,761)	(17,605,715)
Net cash flows from investing activities	(19,178,456)	(33,243,082)
Financing activities		
Repayments on long-term debt	(3,570,698)	(3,867,216)
Proceeds from long-term debt	592,857	261,735
Transfers to Union Health System	(9,084,494)	(12,071,545)
Net cash flows from financing activities	(12,062,335)	(15,677,026)
Change in cash and cash equivalents	(12,448,618)	2,380,621
Cash and cash equivalents		
Beginning of year	33,232,355	30,851,734
End of year	<u>\$ 20,783,737</u>	<u>\$ 33,232,355</u>
Noncash investing activities		
Issuance of capital leases	\$ 567,203	\$ 601,591
Capital acquisitions included in accounts payable	\$ 159,300	\$ 956,000

See accompanying notes to consolidated financial statements

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

1. ORGANIZATION

Nature of Operations

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

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

During 2010, the Corporation became part of an affiliated group. Union Health System, Inc (UHS), an Indiana not-for-profit corporation, is the sole member of the Corporation. UHS was the sole member of Union Associated Physicians Clinic, LLC (UAPC) through August 31, 2012. Effective September 1, 2012, UHS transferred 50% of its membership of UAPC to the Corporation. Certain physicians who were members or employees of Associated Physicians and Surgeons (AP&S), an outside and unrelated party (physician practice), became employees of UAPC. AP&S provides certain personnel, equipment, supplies and other administrative support to UAPC. The Corporation has entered into transactions with the affiliated group as is disclosed in Note 3. The Corporation is consolidated into the affiliated group financial statements. These financial statements reflect only the financial position, results of operations, changes in net assets and cash flows of the Corporation.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

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

Charity Care and Community Benefit

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

Of the Corporation's total expenses reported (approximately \$407,100,000 and \$403,800,000 during 2013 and 2012, respectively), an estimated \$13,100,000 and \$13,300,000 arose from providing services to charity patients during 2013 and 2012, respectively. The estimated costs of providing patient assistance services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Use of Estimates

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

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

Net Patient Service Revenue and Other

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

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

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

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

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

Management believes that adequate provisions have been made for any adjustments which may result from such final settlements. Differences between prior estimates and subsequent actual settlements are immaterial to these financial statements for 2013 and 2012.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

	2013	2012
Inpatient revenue	\$ 502,038,002	\$ 517,090,741
Outpatient revenue	615,219,061	606,605,537
Physician revenue	54,359,978	53,626,628
Gross patient revenue	<u>1,171,617,041</u>	<u>1,177,322,906</u>
Charity care revenue foregone	37,723,498	38,737,421
Contractual adjustments	699,435,361	676,050,226
Total adjustments	<u>737,158,859</u>	<u>714,787,647</u>
Net patient service revenue	434,458,182	462,535,259
Less provision for bad debts	31,155,783	41,305,687
	<u>\$ 403,302,399</u>	<u>\$ 421,229,572</u>

A summary of gross patient service revenue at established rates by payor source for 2013 and 2012, respectively, is as follows

	2013	2012
Medicare	47%	46%
Medicaid	16%	16%
Commercial insurance	3%	3%
Other managed care	26%	27%
Self-pay and other	8%	8%
	<u>100%</u>	<u>100%</u>

There is a single insurance provider that constituted 17% of patient service revenue at established rates for the years ended August 31, 2013 and 2012

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

During 2012, Hospital Assessment Fee (HAF) Program for the period July 1, 2011 through June 30, 2013 was approved by Centers for Medicare & Medicaid Services (CMS) retroactive to July 1, 2011. The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share payments for Indiana inpatient providers. Previously, the State share was funded by governmental entities through intergovernmental transfers. The Medicaid enhanced payments relate to both fee for service and managed care claims. The Medicaid enhanced payments are designed to follow the patients and result in increased Medicaid rates. During 2013 and 2012, the Corporation recognized HAF Program expense of approximately \$17,200,000 and \$17,900,000, respectively, which resulted in increased Medicaid reimbursement.

The State legislature has extended the HAF Program through June 30, 2017 and is pending CMS final approval of the program. CMS has already reviewed the program and submitted questions, none of which raised issues or concerns on the part of the State. The Corporation has accrued approximately \$2,500,000 for the HAF program expenses for the remaining two months of fiscal year 2013.

Cash and Cash Equivalents

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

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

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

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

During 2013, the Corporation's allowance for uncollectible accounts for patient and physician services decreased approximately \$3,700,000 from approximately \$19,100,000 to approximately \$15,400,000. This decrease is due to a substantial improvement in the average age of accounts receivable as well as a favorable payor mix change of accounts receivable from 2012 to 2013. As of August 31, 2013, the allowance for uncollectible accounts of \$15,400,000 was comprised of approximately \$10,000,000 reserved for self-pay balances and approximately \$5,400,000 reserved for third-party payor balances. As of August 31, 2012, the allowance for uncollectible accounts of \$19,100,000 was comprised of approximately \$11,900,000 reserved for self-pay balances and approximately \$7,200,000 reserved for third-party payor balances.

The Corporation grants credit to patients, substantially all of whom are local residents of the communities served. The Corporation does not generally require credit or other collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, HMOs, and commercial insurance policies). The Corporation has not changed its charity care or uninsured discount policies during 2013 or 2012.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

At August 31, 2013 and 2012, net accounts receivable from patients and third party were comprised of the following

	2013	2012
Medicare	31%	32%
Medicaid	9%	13%
Commercial insurance	9%	7%
Other managed care	29%	28%
Self-pay and other	22%	20%
	<u>100%</u>	<u>100%</u>

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

Inventories

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

Investments Limited as to Use

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

Investments are generally commingled for investment purposes and consist of short-term investments (principally money market mutual funds), U.S. government and governmental agency obligations, mutual and common trust funds, corporate obligations and marketable equity securities. Fair values for investments are based on quoted market prices.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

Property and Equipment

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

Equipment under capital lease obligations is amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter. Such amortization is included with depreciation and amortization in the consolidated statements of operations and changes in net assets. Interest cost incurred on borrowed funds during the period of construction and other interest costs are capitalized as a component of the cost of constructing the assets. In addition, interest earnings on unexpended borrowed project funds related to tax-exempt financings are netted against capitalized interest. Net interest costs capitalized approximated \$-0- in 2013 and \$1,528,000 in 2012. Repair and maintenance costs are expensed when incurred.

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

Intangible Assets

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

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

Unamortized Debt Issuance Costs

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

Medical Malpractice Insurance

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

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

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

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

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

Pension Plans

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

Financial Statement Presentation

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

Net Assets

Temporarily restricted net assets are those assets whose use by the Corporation has been limited by donors primarily for a specified time period or purpose. When a donor restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released for property and equipment. Temporarily restricted net assets include \$3,023,000 and \$4,495,000 of funds held by the Foundation for the benefit of the Corporation at August 31, 2013 and 2012, respectively. Due from Union Hospital Foundation, Inc. represents contributions received on behalf of the Corporation by the Foundation and other amounts the Foundation has granted to the Corporation. Other miscellaneous funds are held as temporarily restricted net assets. Permanently restricted net assets are those that the donor has requested to be held in perpetuity. In accordance with donor stipulations, certain investment income earned on permanently restricted net assets is unrestricted. Accordingly, such income is recorded in the unrestricted net asset class as it is earned.

Deferred Income

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

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

Health Insurance

The Corporation's employee health care insurance is provided through a combination of self-insurance and purchased re-insurance coverage from a commercial carrier. The Corporation maintains an estimated liability for the amount of claims incurred but not reported. Substantially all employees are covered for major medical benefits. The specific annual attachment point for an individual is \$325,000 with a policy period maximum of \$1,675,000. There is no aggregate limit on claims.

Functional Expenses

The Corporation provides general health care services to patients. Health care services expenses related to providing these services were approximately \$382,248,000 and \$378,269,000 in 2013 and 2012, respectively. Administrative expenses (consisting of support services, employee benefits, patient billing, and other) amounted to approximately \$24,839,000 and \$25,562,000 in 2013 and 2012, respectively.

Income Taxes

The Corporation is organized as a not-for-profit corporation under Section 501(c) (3) of the United States Internal Revenue Code. As such, the Corporation is generally exempt from income taxes. However, the Corporation is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of August 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Filings are current through 2012. The impact of the subsidiaries tax consequences is immaterial to these financial statements.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

Operating Indicator

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

Performance Indicator

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

Advertising Costs

Advertising costs are expensed as incurred. Total expense for 2013 and 2012 was approximately \$445,000 and \$443,000, respectively.

Electronic Health Records (EHR) Incentive Payments

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

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

The Corporation recognizes EHR incentive payments as grant income, under the ratable recognition method, when there is reasonable assurance that the Corporation will comply with the conditions of the meaningful use objectives and any other specific grant requirements. In addition, the consolidated financial statement effects of the grants must be both recognizable and measurable. During 2013 and 2012, the Corporation recognized approximately \$1,900,000 and \$1,200,000, respectively, in EHR incentive payments as grant income.

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

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

Reclassifications

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no impact on net assets and changes in net assets for 2012, as previously reported.

Subsequent Events

The Corporation has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is December 24, 2013.

3. AFFILIATED ENTITY AND RELATED PARTY TRANSACTIONS

As part of the affiliation with UHS and UAPC, the Corporation purchased certain intangible assets, including medical records and other assets, from AP&S in the amount of \$7,345,000. The intangible assets are being amortized over 5 years with accumulated amortization of \$5,631,000 and \$4,162,000 at August 31, 2013 and 2012, respectively. The Corporation transferred \$9,084,000 and \$12,072,000 during 2013 and 2012, respectively, to UHS. The arrangement with UHS and UAPC contemplates that the Corporation will continue to transfer funds on an as needed basis to fulfill the contract obligation for on-going operational support to the affiliated group. The Corporation purchased the CT and MRI service line of UAPC for \$3,600,000 which is to be paid \$100,000 monthly. As of August 31, 2013, the Corporation has paid \$2,000,000 under this agreement with a balance remaining of \$1,600,000. This liability is included under other long-term liabilities on the statement of financial position.

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The Corporation provided management and other services for the Foundation and other related organizations in the approximate amount of \$634,000 in 2013 and \$495,000 in 2012. At August 31, 2013 and 2012, approximately \$39,000 and \$321,000, respectively, remained unpaid.

The Corporation received approximately \$1,593,000 and \$1,160,000 in contributions from the Foundation for the years ended August 31, 2013 and 2012, respectively. The 5 year capital campaign pledges will be completed on December 31, 2013.

The Corporation collaborates with physicians and physician groups including UAPC, to improve the quality of services, eliminate duplication of services, and to improve standards of care by entering into certain contractual agreements. While certain of the agreements are amended and/or terminated from time to time, the Corporation has had agreements for chemotherapy, ambulatory surgery, cardiac catheterization, laboratory, and radiation oncology therapy services. The costs for these services are included in utilities, supplies, and other in the statement of operations totaling approximately \$64,848,000 and \$64,961,500 for August 31, 2013 and 2012, respectively.

4. PROPERTY AND EQUIPMENT

A summary of the construction-in-progress projects at August 31, 2013 and 2012 is as follows:

	2013	2012
UH West renovation	\$ -0-	\$ 10,288,768
Cardiovascular 1 - West	-0-	3,404,732
UHC air handling system	2,358,142	-0-
Other renovations and upgrades	19,198	2,430,462
	<u>\$ 2,377,340</u>	<u>\$ 16,123,962</u>

The Corporation is in the process of renovating Union West facilities with expected completion during 2014. Commitments for all remaining construction project costs total approximately \$3,017,000 at August 31, 2013.

UNION HOSPITAL INC. AND SUBSIDIARIES

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5. INVESTMENTS

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

	2013	2012
Cash and short-term investments	\$ 61,645,874	\$ 65,121,340
US Government and government agency obligations	9,330,701	2,564,308
Mutual funds	1,677,141	1,558,769
Marketable equity securities	9,554,554	7,619,789
Corporate obligations	1,102,955	722,825
Collective trusts	421,652	398,224
	<u>83,732,877</u>	<u>77,985,255</u>
Less current portion of		
Debt service	9,624,684	9,357,980
Board designated	15,946,469	11,931,261
	<u>\$ 58,161,724</u>	<u>\$ 56,696,014</u>

Investment income included in the consolidated statements of operations and changes in net assets is primarily comprised of interest, dividends and realized gains and losses on sale of investments.

	2013	2012
Investment income included with non-operating gains and net investment income on permanently restricted net assets		
Investment income	\$ 803,959	\$ 658,461
Other changes in net assets		
Unrealized gain on investments	987,600	788,981
	<u>\$ 1,791,559</u>	<u>\$ 1,447,442</u>

The following schedule summarizes the fair value of securities included in investments by board designated and held by trustee that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of August 31, 2013 and 2012. The schedule further segregates the securities that have been in a gross unrealized position as of August 31, 2013 and 2012, for less than twelve months and those for twelve months or more. The gross unrealized losses of less than twelve months are a reflection of the normal fluctuations of the market and are therefore considered temporary.

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

UNION HOSPITAL INC. AND SUBSIDIARIES

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The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized losses as of August 31, 2013 and 2012

August 31, 2013						
Description of securities	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized	Fair Value	Unrealized	Fair Value	Unrealized
		Losses		Losses		Losses
Common stock	\$ 518,139	\$ 21,753	\$ 837,181	\$ 79,385	\$ 1,355,320	\$ 101,138
Mutual funds	164,599	3,815	316,021	20,837	480,620	24,652
Government obligations	8,490,060	16,275	-0-	-0-	8,490,060	16,275
Corporate bonds	793,900	18,847	-0-	-0-	793,900	18,847
Total temporarily impaired securities	<u>\$ 9,966,698</u>	<u>\$ 60,690</u>	<u>\$ 1,153,202</u>	<u>\$ 100,222</u>	<u>\$ 11,119,900</u>	<u>\$ 160,912</u>

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

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

UNION HOSPITAL INC. AND SUBSIDIARIES

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- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of August 31, 2013 and 2012.

- *Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Corporation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Corporation are deemed to be actively traded.
- *US government obligations:* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Corporate obligations:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Collective trusts:* Valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Were the Corporation to initiate a full redemption of the collective trust, the trustee reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

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Assets and liabilities measured at fair value on a recurring basis as of August 31, 2013 and 2012 are as follows

	August 31, 2013			
	Total	Level 1	Level 2	Level 3
Investments limited as to use				
Common stocks				
Consumer	\$ 3,445,705	\$ 3,445,705	\$ -0-	\$ -0-
Energy	1,980,216	1,980,216	-0-	-0-
Financial	1,081,846	1,081,846	-0-	-0-
Healthcare	243,004	243,004	-0-	-0-
Industrials	2,117,235	2,117,235	-0-	-0-
Information technology	639,364	639,364	-0-	-0-
Materials	47,184	47,184	-0-	-0-
Total common stocks	9,554,554	9,554,554	-0-	-0-
Mutual funds				
Fixed income funds	407,644	407,644	-0-	-0-
Large cap funds	138,983	138,983	-0-	-0-
Mid cap funds	444,790	444,790	-0-	-0-
Small cap funds	123,638	123,638	-0-	-0-
Sector funds	9,067	9,067	-0-	-0-
International funds	279,561	279,561	-0-	-0-
Index funds	273,458	273,458	-0-	-0-
Total mutual funds	1,677,141	1,677,141	-0-	-0-
US government obligations	9,330,701	9,330,701	-0-	-0-
Corporate obligations	1,102,955	-0-	1,102,955	-0-
Collective trust	421,652	-0-	421,652	-0-
	22,087,003	\$ 20,562,396	\$ 1,524,607	\$ -0-
Cash and cash equivalents	39,020,261			
Certificates of deposit	22,625,613			
	<u>\$ 83,732,877</u>			
	August 31, 2012			
	Total	Level 1	Level 2	Level 3
Investments limited as to use				
Common stocks				
Consumer	\$ 2,734,651	\$ 2,734,651	\$ -0-	\$ -0-
Energy	1,608,018	1,608,018	-0-	-0-
Financial	804,011	804,011	-0-	-0-
Healthcare	170,694	170,694	-0-	-0-
Industrials	1,544,916	1,544,916	-0-	-0-
Information technology	694,295	694,295	-0-	-0-
Materials	63,204	63,204	-0-	-0-
Total common stocks	7,619,789	7,619,789	-0-	-0-
Mutual funds				
Fixed income funds	412,244	412,244	-0-	-0-
Large cap funds	127,760	127,760	-0-	-0-
Mid cap funds	387,438	387,438	-0-	-0-
Small cap funds	103,586	103,586	-0-	-0-
Sector funds	7,909	7,909	-0-	-0-
International funds	234,070	234,070	-0-	-0-
Index funds	285,762	285,762	-0-	-0-
Total mutual funds	1,558,769	1,558,769	-0-	-0-
US government obligations	2,564,308	2,564,308	-0-	-0-
Corporate obligations	722,825	-0-	722,825	-0-
Collective trust	398,224	-0-	398,224	-0-
	12,863,915	\$ 11,742,866	\$ 1,121,049	\$ -0-
Cash and cash equivalents	47,812,862			
Certificates of deposit	17,308,478			
Total	<u>\$ 77,985,255</u>			

UNION HOSPITAL INC. AND SUBSIDIARIES

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The Corporation's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers during 2013 and 2012.

Realized gains and losses and interest income are reported in the consolidated statements of operations and changes in net assets as a component of investment income. Realized gains and losses and interest income approximated \$737,000 and \$602,000 during 2013 and 2012 respectively.

The market value of investments exceeded the cost by approximately \$3,458,000 and \$2,403,000 as of August 31, 2013 and 2012, respectively. The unrealized gain and loss are included in earnings for the period attributable to the change in unrealized gain and loss relating to assets held as of August 31, 2013 and 2012 and are reported in the consolidated statements of operations and changes in net assets as net unrealized gain on investments. During 2013 and 2012, the Corporation recognized an unrealized gain of approximately of \$1,055,000 and \$846,000, respectively, which is included in the consolidated statement of operations and changes in net assets as net unrealized gain on investment within other changes in unrestricted net assets and net investment income within permanently restricted net assets.

The Corporation holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

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

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

Long-term debt Fair value of the Corporation's long-term debt, based on current quoted market value of similar debt instruments, for the Series 2011, 2007, and 1993 fixed rate tax exempt bonds approximated \$258,636,000 and \$272,354,000 as of August 31, 2013 and 2012, respectively. The fair value of variable rate debt (Series 2004 and 2006B bonds) approximates its carrying value of \$16,312,000 and \$17,456,000 as of August 31, 2013 and 2012.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

7. ENDOWMENT FUNDS

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

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

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

The endowment net assets by type of fund as of August 31, 2013 and 2012

	2013	2012
Donor-restricted endowment funds		
Permanently restricted	\$ 1,403,823	\$ 1,309,397
Total endowment funds	<u>\$ 1,403,823</u>	<u>\$ 1,309,397</u>

For 2013 and 2012, the Corporation had the following endowment-related activities

	Permanently restricted	
	2013	2012
Endowment net assets, beginning of year	\$ 1,309,397	\$ 1,234,644
Net investment income and other changes	<u>94,426</u>	<u>74,753</u>
Endowment net assets, end of year	<u>\$ 1,403,823</u>	<u>\$ 1,309,397</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

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8. LONG-TERM DEBT

A Master Trust Indenture, as amended, provides for the issuance of long-term debt under an obligated group structure. The Obligated Group consists of the Corporation and subsidiaries. This Obligated Group is required to meet certain covenants under the Master Trust Indenture. The Obligated Group is subject to certain financial performance covenants, among other compliance requirements, that require the maintenance of debt service ratios. As of August 31, 2013, management of the Obligated Group believes that it is in compliance with all financial covenants.

The following is a summary of long-term debt as of August 31, 2013 and 2012:

	2013	2012
Indiana Health and Educational Facility Financing Authority or Hospital Authority of Vigo County (Indiana)		
Series 2011, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2015 through 2041. Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 7.5% to 8% and averages 7.77%. Includes bond discount of approximately \$900,000 as of August 31, 2013.	\$ 54,127,348	\$ 54,072,030
Series 2007, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2027 through 2048. Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 5.50% to 5.80% and averages 5.74%. Includes bond discount of approximately \$400,000 as of August 31, 2013.	176,137,438	176,123,660
Series 2006B, taxable variable rate demand revenue bonds, payable in annual principal installments through fiscal 2037. Interest rate is set weekly (payable semiannually) and averages .50% in fiscal 2013.	12,330,000	12,545,000
Series 1993, tax-exempt fixed rate serial and term bonds, payable in annual principal installments through fiscal 2024. Interest (payable semiannually) ranges from 5.125% to 5.250% and averages 5.18% in fiscal 2013.	22,800,000	24,100,000
Loan payable in monthly principal installments commencing in fiscal 2010 through fiscal 2026. Fixed term with variable interest rate set monthly (payable monthly) using LIBOR based rates and averages 3.86% in 2013.	5,093,100	5,910,600
Capital leases and other	1,508,582	2,223,019
Total long-term debt	271,996,468	274,974,309
Less current portion	3,516,190	3,476,124
	<u>\$ 268,480,278</u>	<u>\$ 271,498,185</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

Year Ending August 31,	
2014	\$ 3,516,190
2015	2,584,822
2016	2,482,241
2017	3,635,442
2018	3,575,351
Thereafter	256,202,422
	<u>\$ 271,996,468</u>

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

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

The Corporation has a letter of credit for a maximum of \$13,000,000 attached to the Series 2006B taxable Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2013 and 2012, and there are no outstanding amounts under this arrangement at August 31, 2013 and 2012. The letter of credit expires May 2, 2014. However in the event of a failed remarketing, the Corporation is subject to a 367 day period of interest only payments. After 367 days, the amount of the draws would be required to be repaid in accordance with the amortization payment dates stipulated in the agreement.

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

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

Total interest paid on long-term debt (net of amounts capitalized of approximately \$-0- and \$1,540,000) for the years ended August 31, 2013 and 2012, aggregated approximately \$16,200,000 and \$14,700,000, respectively. Total investment income on borrowed funds held by trustee for the years ended August 31, 2013 and 2012, aggregated approximately \$-0- and \$24,000, respectively. Capitalized interest costs net of associated investment income earnings aggregated approximately \$-0- and \$1,528,000.

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

The Corporation leases medical equipment and software under capital leases with various expiration dates. Cost and accumulated depreciation of the equipment under capital leases was approximately \$4,350,000 and \$6,890,000, respectively, and \$2,150,000 and \$3,240,000, respectively, at August 31, 2013 and August 31, 2012. The following is a schedule by year of future minimum lease payments under capital leases as of August 31, 2013, that have initial or remaining lease terms in excess of one year.

Year Ending August 31,	
2014	\$ 776,353
2015	414,915
2016	185,188
2017	150,808
2017	29,419
	<u>1,556,683</u>
Less imputed interest	95,460
	<u>\$ 1,461,223</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

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The Corporation has operating leases for medical equipment and office space. Total rent and lease expense for 2013 and 2012 was \$11,827,000 and \$12,068,000, respectively. Future minimum lease payments under noncancelable operating leases as of August 31, 2013 that have initial or remaining lease terms in excess of one year are as follows:

Year Ending August 31,	
2014	\$ 4,554,304
2015	3,096,001
2016	1,745,782
2017	1,431,314
2018	348,154
	<u>\$ 11,175,555</u>

9. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

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

The Corporation instituted a special voluntary early-retirement pension and health insurance benefit for eligible employees between the ages of 55 to 60 and above through multiple phases throughout 2011. Employees who applied and qualified under the program received monthly annuities based upon the value of their pension, as well as COBRA health benefits for up to 18th months at the current employee costs. Upon the 19th month and until reaching the age of 65, the Corporation will deposit \$500 a month into a benefits account per qualifying retiree to be used for the health benefits.

UNION HOSPITAL INC. AND SUBSIDIARIES

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The liability outstanding for the estimated cost for those in the program are approximately \$1,671,000 and \$1,896,000 as of August 31, 2013 and 2012. Of these amounts approximately \$458,000 and \$430,000 were recorded as salaries, wages, and related liabilities and approximately \$1,213,000 and \$1,466,000 were recorded as pension liability and related obligations on the consolidated balance sheets as of August 31, 2013 and 2012, respectively.

The Corporation recognizes the funded status of its defined-benefit pension plan in its consolidated balance sheets and the changes therein within its consolidated statements of operations and changes in net assets. Funded status is defined as the difference between the projected benefit obligation and the fair value of plan assets. Prior unrecognized net actuarial losses of \$27,308,000 and \$12,519,000 have been included in the unrestricted net assets at August 31, 2013 and 2012, respectively, and have not yet been recognized in net periodic pension cost. The adjustment to unrestricted net assets consisted primarily of the change in cumulative losses on the retirement plan in 2013 and 2012 and changes in the funded status.

Actuarial losses included in unrestricted net assets at August 31, 2013 and 2012, and expected to be amortized in net periodic benefit cost were approximately \$327,000 and \$285,000.

The following table sets forth the defined-benefit pension plan's benefit obligations, fair value of the Plan's assets, and funded status at August 31, 2013 and 2012.

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 92,485,670	\$ 90,741,573
Interest cost	5,853,350	5,753,943
Benefits paid	(4,557,134)	(4,403,549)
Actuarial loss	13,297,446	393,703
Benefit obligation, end of year	<u>\$ 107,079,332</u>	<u>\$ 92,485,670</u>
Changes in plan assets		
Fair value of plan assets, beginning of year	89,065,460	80,525,011
Actual return on plan assets	4,066,446	5,143,998
Employer contributions	9,010,000	7,800,000
Benefits paid	(4,557,134)	(4,403,549)
Fair value of plan assets, end of year	<u>\$ 97,584,772</u>	<u>\$ 89,065,460</u>
Funded status		
Funded status of the plan, end of year	<u>\$ (9,494,560)</u>	<u>\$ (3,420,210)</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

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The liability recorded to account for the funded status of the plan at year end is recognized within the pension liability and related obligations on the consolidated balance sheet as of August 31, 2013 and 2012

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

	2013	2012
Components of net benefit cost		
Interest cost	\$ 5,853,350	\$ 5,753,943
Expected return on plan assets	(5,884,537)	(5,343,366)
Actuarial loss	327,053	285,187
Net periodic benefit cost	<u>\$ 295,866</u>	<u>\$ 695,764</u>

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

Year Ending August 31,	
2014	\$ 4,929,918
2015	4,994,503
2016	5,164,456
2017	5,518,922
2018	5,765,730
2019-2023	32,773,840
	<u>\$ 59,147,369</u>

The weighted-average assumptions used to determine the Plan's projected benefit obligation (PBO) and net periodic benefit costs (NPBC) for the years ended August 31, 2013 and 2012 are as follows

	2013	2012
Discount rate	5.5%	6.5%
Expected return on plan assets	6.5%	6.5%
Rate of compensation increase - NPBC	Not Applicable	Not Applicable

The principal long-term determinant of a portfolio's investment return is its asset allocation. The Plan's allocation includes growth assets (45%) and fixed income (51%) investments and other (4%). In addition, active management strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the Plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management.

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

The Plan's weighted-average asset allocations at August 31, 2013 and 2012, by asset category, are as follows

	2013	2012
Mutual funds - equity funds	45%	36%
Mutual funds - bond funds	51%	61%
Other	4%	3%
	<u>100%</u>	<u>100%</u>

The following is an analysis of fair value of the major classes of plan assets as of August 31, 2013 and 2012

	Fair Value	
	2013	2012
Cash and equivalents	\$ 1,780,843	\$ 1,155,469
Mutual funds - equity funds	43,985,942	31,889,829
Mutual funds - bond funds	50,269,980	54,206,652
Private equity funds	1,548,007	1,813,510
Total	<u>\$ 97,584,772</u>	<u>\$ 89,065,460</u>

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

The following is a reconciliation of the fair value of plan assets as of August 31, 2013 and 2012 determined on the basis of valuation techniques

	Private Equity Funds	
	2013	2012
Balance, beginning of year	\$ 1,813,510	\$ 1,579,531
Return on plan assets		
Assets held at the end of the year	(57,555)	189,550
Net purchases	(207,948)	44,429
Balance, end of year	<u>\$ 1,548,007</u>	<u>\$ 1,813,510</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2013 AND 2012

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

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

The Corporation expects to contribute approximately \$9,010,000 to the pension plan in 2013 and will meet the required funding amounts for 2012. The Corporation elected to freeze the Plan in 2010, but will continue to fund the plan as required.

The Corporation also has a 403b discretionary defined contribution plan and a 401(k) plan for which contributions during 2013 and 2012 were approximately \$5,240,000 and \$5,075,000, respectively.

10. COMMITMENTS AND CONTINGENCIES

During 2013, the Indiana Health Financing Authority received an Information Document Request (IDR) from the Internal Revenue Service (IRS), Tax Exempt Bonds and Government Entities Division regarding an IRS examination of the series 1993 bonds. The IDR relates to certain post-issuance transactions specific to the bonds, including a total return swap executed by the Hospital related to the aforementioned bonds. The related results of the examination are unknown at this time.

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

SUPPLEMENTARY INFORMATION

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS AUGUST 31, 2013

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
Assets					
Current assets					
Cash and cash equivalents	\$ 18,616,951	\$ 2,162,838	\$ 3,948	\$ -0-	\$ 20,783,737
Funds held by trustee, current portion	9,624,684	-0-	-0-	-0-	9,624,684
Board designated funds, current portion	15,946,469	-0-	-0-	-0-	15,946,469
Patient accounts receivable, net	55,252,329	-0-	194,497	-0-	55,446,826
Inventories	4,393,058	-0-	-0-	-0-	4,393,058
Prepaid expenses and other current assets	2,175,015	75,710	149,731	(182,606)	2,217,850
Total current assets	106,008,506	2,238,548	348,176	(182,606)	108,412,624
Investments limited as to use, less current portion					
Funds held by trustee	24,409,313	-0-	-0-	-0-	24,409,313
Board designated funds	32,348,588	-0-	-0-	-0-	32,348,588
Permanently restricted	1,403,823	-0-	-0-	-0-	1,403,823
Total investments limited as to use	58,161,724	-0-	-0-	-0-	58,161,724
Property and equipment					
Land and improvements	37,180,324	-0-	-0-	-0-	37,180,324
Buildings and fixed equipment	334,758,264	7,652	-0-	-0-	334,765,916
Movable equipment	125,524,216	57,211	55,349	-0-	125,636,776
	497,462,804	64,863	55,349	-0-	497,583,016
Less allowances for depreciation	213,762,972	23,693	42,346	-0-	213,829,011
	283,699,832	41,170	13,003	-0-	283,754,005
Construction in progress	2,377,340	-0-	-0-	-0-	2,377,340
Total property and equipment, net	286,077,172	41,170	13,003	-0-	286,131,345
Other assets					
Due from Union Hospital Foundation, Inc	3,022,998	-0-	-0-	-0-	3,022,998
Deferred financing costs, net	2,895,002	-0-	-0-	-0-	2,895,002
Intangible assets, net	4,338,399	-0-	-0-	-0-	4,338,399
Investment in joint ventures	6,666,751	-0-	-0-	(2,315,621)	4,351,130
	16,923,150	-0-	-0-	(2,315,621)	14,607,529
Total assets	<u>\$ 467,170,552</u>	<u>\$ 2,279,718</u>	<u>\$ 361,179</u>	<u>\$ (2,498,227)</u>	<u>\$ 467,313,222</u>

See Report of Independent Auditors on Pages 1 - 3

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS AUGUST 31, 2013

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
Liabilities and net assets					
Current liabilities					
Accounts payable and other current liabilities	\$ 22,538,214	\$ 282,998	\$ 16,421	\$ (182,606)	\$ 22,655,027
Salaries, wages and related liabilities	21,797,175	26,213	-0-	-0-	21,823,388
Estimated third party settlements	2,454,979	-0-	-0-	-0-	2,454,979
Accrued interest	7,809,684	-0-	-0-	-0-	7,809,684
Current portion of long-term debt	3,516,190	-0-	-0-	-0-	3,516,190
Total current liabilities	58,116,242	309,211	16,421	(182,606)	58,259,268
Long-term liabilities					
Long-term debt, less current portion	268,480,278	-0-	-0-	-0-	268,480,278
Deferred revenue	210,418	-0-	-0-	-0-	210,418
Pension liability and related obligations	10,707,839	-0-	-0-	-0-	10,707,839
Other long-term liabilities	2,984,073	-0-	-0-	-0-	2,984,073
Total long-term liabilities	282,382,608	-0-	-0-	-0-	282,382,608
Total liabilities	340,498,850	309,211	16,421	(182,606)	340,641,876
Net assets					
Unrestricted	122,155,732	1,970,507	344,758	(2,315,621)	122,155,376
Temporarily restricted	3,112,147	-0-	-0-	-0-	3,112,147
Permanently restricted	1,403,823	-0-	-0-	-0-	1,403,823
Total net assets	126,671,702	1,970,507	344,758	(2,315,621)	126,671,346
Total liabilities and net assets	<u>\$ 467,170,552</u>	<u>\$ 2,279,718</u>	<u>\$ 361,179</u>	<u>\$ (2,498,227)</u>	<u>\$ 467,313,222</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS AUGUST 31, 2012

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
Assets					
Current assets					
Cash and cash equivalents	\$ 31,063,107	\$ 2,165,300	\$ 3,948	\$ -0-	\$ 33,232,355
Funds held by trustee, current portion	9,357,980	-0-	-0-	-0-	9,357,980
Board designated funds, current portion	11,931,261	-0-	-0-	-0-	11,931,261
Patient accounts receivable, net	51,029,921	-0-	188,271	-0-	51,218,192
Inventories	4,361,427	-0-	-0-	-0-	4,361,427
Prepaid expenses and other current assets	4,229,851	111,536	56,822	(121,966)	4,276,243
Total current assets	111,973,547	2,276,836	249,041	(121,966)	114,377,458
Investments limited as to use, less current portion					
Funds held by trustee	24,270,756	-0-	-0-	-0-	24,270,756
Board designated	31,115,861	-0-	-0-	-0-	31,115,861
Permanently restricted	1,309,397	-0-	-0-	-0-	1,309,397
Total investments limited as to use	56,696,014	-0-	-0-	-0-	56,696,014
Property and equipment					
Land and improvements	37,291,582	-0-	-0-	-0-	37,291,582
Buildings and fixed equipment	314,480,911	7,652	-0-	-0-	314,488,563
Movable equipment	119,362,238	56,850	49,894	-0-	119,468,982
	471,134,731	64,502	49,894	-0-	471,249,127
Less allowances for depreciation	191,786,439	14,485	36,849	-0-	191,837,773
	279,348,292	50,017	13,045	-0-	279,411,354
Construction in progress	16,123,962	-0-	-0-	-0-	16,123,962
Total property and equipment, net	295,472,254	50,017	13,045	-0-	295,535,316
Other assets					
Due from Union Hospital Foundation, Inc	4,495,347	-0-	-0-	-0-	4,495,347
Deferred financing costs, net	3,090,878	-0-	-0-	-0-	3,090,878
Intangible assets, net	5,982,856	-0-	-0-	-0-	5,982,856
Investment in joint ventures	3,980,230	-0-	-0-	(2,103,644)	1,876,586
	17,549,311	-0-	-0-	(2,103,644)	15,445,667
Total assets	\$ 481,691,126	\$ 2,326,853	\$ 262,086	\$ (2,225,610)	\$ 482,054,455

See Report of Independent Auditors on Pages 1 - 3

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS AUGUST 31, 2012

	Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Union Hospital, Inc and Subsidiaries
Liabilities and net assets					
Current liabilities					
Accounts payable and other current liabilities	\$ 22,386,923	\$ 445,011	\$ 15,238	\$ (121,966)	\$ 22,725,206
Salaries, wages and related liabilities	19,757,553	25,046	-0-	-0-	19,782,599
Estimated Third party settlements	3,073,530	-0-	-0-	-0-	3,073,530
Accrued interest	7,842,998	-0-	-0-	-0-	7,842,998
Current portion of long-term debt	3,476,124	-0-	-0-	-0-	3,476,124
Total current liabilities	<u>56,537,128</u>	<u>470,057</u>	<u>15,238</u>	<u>(121,966)</u>	<u>56,900,457</u>
Long-term liabilities					
Long-term debt, less current portion	271,498,185	-0-	-0-	-0-	271,498,185
Deferred revenue	301,122	-0-	-0-	-0-	301,122
Pension liability and related obligations	4,886,980	-0-	-0-	-0-	4,886,980
Other long-term liabilities	3,846,484	-0-	-0-	-0-	3,846,484
Total long-term liabilities	<u>280,532,771</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>280,532,771</u>
Total liabilities	337,069,899	470,057	15,238	(121,966)	337,433,228
Net assets					
Unrestricted	138,736,584	1,856,796	246,848	(2,103,644)	138,736,584
Temporarily restricted	4,575,246	-0-	-0-	-0-	4,575,246
Permanently restricted	1,309,397	-0-	-0-	-0-	1,309,397
Total net assets	<u>144,621,227</u>	<u>1,856,796</u>	<u>246,848</u>	<u>(2,103,644)</u>	<u>144,621,227</u>
Total liabilities and net assets	<u>\$ 481,691,126</u>	<u>\$ 2,326,853</u>	<u>\$ 262,086</u>	<u>\$ (2,225,610)</u>	<u>\$ 482,054,455</u>

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2013

	Union Hospital	Union Hospital Clinton	Total Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Total Union Hospital, Inc and Subsidiaries
Operating revenue							
Net patient service revenue	\$ 404,144,154	\$ 29,209,908	\$ 433,354,062	\$ -0-	\$ 1,104,120	\$ -0-	\$ 434,458,182
Less provision for bad debts	27,712,139	3,443,644	31,155,783	-0-	-0-	-0-	31,155,783
Net patient service revenue net of provision for bad debts	376,432,015	25,766,264	402,198,279	-0-	1,104,120	-0-	403,302,399
Other revenue	8,867,445	293,663	9,161,108	1,314,936	-0-	(1,759,832)	8,716,212
Total operating revenue	385,299,460	26,059,927	411,359,387	1,314,936	1,104,120	(1,759,832)	412,018,611
Operating expenses							
Salaries and wages	128,954,736	9,698,184	138,652,920	313,374	-0-	-0-	138,966,294
Employee benefits	25,045,874	1,917,389	26,963,263	134,148	-0-	-0-	27,097,411
Medical supplies and drugs	57,937,292	2,434,751	60,372,043	-0-	137,389	-0-	60,509,432
Physician services	5,656,842	187,978	5,844,820	-0-	-0-	-0-	5,844,820
Contract services	64,848,052	1,069,525	65,917,577	2,732	118,093	-0-	66,038,402
Rent and leases	11,136,445	670,269	11,806,714	17,222	3,303	(15,564)	11,811,675
Utilities, supplies, and other	34,528,869	3,434,831	37,963,700	796,970	740,481	(1,744,268)	37,756,883
Hospital assessment fee	15,927,521	1,238,553	17,166,074	-0-	-0-	-0-	17,166,074
Depreciation and amortization	24,583,521	1,072,283	25,655,804	9,586	6,944	-0-	25,672,334
Interest	16,222,721	1,390	16,224,111	-0-	-0-	-0-	16,224,111
Total operating expenses	384,841,873	21,725,153	406,567,026	1,274,032	1,006,210	(1,759,832)	407,087,436
Income from operations	457,587	4,334,774	4,792,361	40,904	97,910	-0-	4,931,175
Non-operating gains (losses)							
Investment income	635,147	1,579	636,726	72,807	-0-	-0-	709,533
Investment in joint ventures	(657,643)	-0-	(657,643)	-0-	-0-	(211,977)	(869,620)
Other	(59,145)	(1,554)	(60,699)	-0-	-0-	-0-	(60,699)
Total non-operating revenues	(81,641)	25	(81,616)	72,807	-0-	(211,977)	(220,786)
Excess of revenue over expenses	\$ 375,946	\$ 4,334,799	\$ 4,710,745	\$ 113,711	\$ 97,910	\$ (211,977)	\$ 4,710,389

UNION HOSPITAL INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2012

	Union Hospital	Union Hospital Clinton	Total Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Total Union Hospital, Inc and Subsidiaries
Operating revenue							
Net patient service revenue	\$ 431,391,216	\$ 30,081,940	\$ 461,473,156	\$ -0-	\$ 1,062,103	\$ -0-	\$ 462,535,259
Less provision for bad debts	36,602,544	4,703,143	41,305,687	-0-	-0-	-0-	41,305,687
Net patient service revenue net of provision for bad debts	394,788,672	25,378,797	420,167,469	-0-	1,062,103	-0-	421,229,572
Other revenue	9,034,243	373,091	9,407,334	1,604,900	0	(2,027,817)	8,984,417
Total operating revenue	403,822,915	25,751,888	429,574,803	1,604,900	1,062,103	(2,027,817)	430,213,989
Operating expenses							
Salaries and wages	116,694,652	9,206,004	125,900,656	344,051	-0-	-0-	126,244,707
Employee benefits	25,175,660	2,059,390	27,235,050	151,286	-0-	-0-	27,386,336
Medical supplies and drugs	64,771,572	2,655,238	67,426,810	-0-	121,182	-0-	67,547,992
Physician services	10,287,601	455,252	10,742,853	-0-	-0-	-0-	10,742,853
Contract services	64,961,534	812,521	65,774,055	3,224	112,945	-0-	65,890,224
Rent and leases	11,375,306	688,194	12,063,500	16,625	3,118	(15,111)	12,068,132
Utilities, supplies, and other	33,712,622	3,336,423	37,049,045	893,328	717,061	(2,012,690)	36,646,744
Hospital assessment fee	17,186,775	715,855	17,902,630	-0-	-0-	-0-	17,902,630
Depreciation and amortization	23,492,862	992,869	24,485,731	6,891	6,944	-0-	24,499,566
Interest	14,898,275	3,909	14,902,184	-0-	-0-	-0-	14,902,184
Total operating expenses	382,556,859	20,925,655	403,482,514	1,415,405	961,250	(2,027,801)	403,831,368
Income (loss) from operations	21,266,056	4,826,233	26,092,289	189,495	100,853	(16)	26,382,621
Nonoperating gains (losses)							
Investment income	510,036	490	510,526	73,182	-0-	-0-	583,708
Investment in joint ventures	1,889,784	-0-	1,889,784	-0-	-0-	(363,423)	1,526,361
Other	(72,221)	(1,706)	(73,927)	-0-	-0-	-0-	(73,927)
Total nonoperating revenues	2,327,599	(1,216)	2,326,383	73,182	-0-	(363,423)	2,036,142
Excess of revenue over (under) expenses	\$ 23,593,655	\$ 4,825,017	\$ 28,418,672	\$ 262,677	\$ 100,853	\$ (363,439)	\$ 28,418,763

See Report of Independent Auditors on Pages 1 - 3

UNION HOSPITAL INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2013

Program	Grant ID #	CFDA Number	Federal Expenditures
Major programs			
Department of Health and Human Services			
Training in Primary Care Training and Enhancement pass through the Bureau of Health Professions	D58HP23232-02	93 884	\$ 245,971
Telehealth Network Grant - Office of Advancement of Telemedicine	H2ARH20178-03-01	93 211	175,000
Telehealth Resource Center Grant Program	G22RH24745-01-00	93 211	40,000
Subtotal for 93 211			<u>215,000</u>
Total major programs			460,971
Non-major programs			
Department of Health and Human Services			
Community Health Center Grant	CHC 880-5	93 913	85,725
Indiana Area Health Education Center Network pass through the Indiana State University	6U77HP23068-02-01	93 107	20,000
Substance Abuse Prevention and Treatment Block Grant Block Grant pass through the Indiana Division of Mental Health and Addictions	PSUP 245-2	93 959	49,229
National Bioterrorism Hospital Preparedness Program pass through the Indiana State Department of Health - pass through District 7 Hospital Corporation	BHP 1138-1	93 074	12,713
Total non-major programs			<u>167,667</u>
Total federal expenditures			<u>\$ 628,638</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation under programs of the federal government for the year ended August 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The basic consolidated financial statement classifications may include other financial activity for reporting purposes. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.



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

Board of Directors
Union Hospital
Terre Haute, Indiana

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, issued by the Indiana State Board of Accounts, the consolidated financial statements of Union Hospital, Inc and Subsidiaries (the Corporation), which comprise the consolidated balance sheet as of August 31, 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 24, 2013. Our report included an explanatory paragraph stating that the Corporation is part of an affiliated group of entities that has been consolidated into the reporting entity Union Health System, Inc, and that these financial statements include only the financial position changes in net assets and cash flows of Corporation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Corporation's internal control.

Board of Directors
Union Hospital
Terre Haute , Indiana

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
December 24, 2013



REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Union Hospital
Terre Haute, Indiana

REPORT ON COMPLIANCE FOR EACH FEDERAL PROGRAM

We have audited Union Hospital, Inc and Subsidiaries' (the Corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended August 31, 2013. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Board of Directors
Union Hospital
Terre Haute , Indiana

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
December 24, 2013

UNION HOSPITAL INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED AUGUST 31, 2013

Summary of Auditor's Results

Consolidated Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Federal Awards

Internal controls over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none noted
Type of auditor's report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major program

CFDA Number
93 884

Name of Federal Program or Cluster
Department of Health and Human Services
Training in Primary Care Training and Enhancement
pass through the Bureau of Health Professions

Department of Health and Human Services
Telehealth Network Grant - Office of Advancement
of Telemedicine
Telehealth Resource Center Grant Program

Dollar threshold used to distinguish between type A and B programs

\$300,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

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

No matters reported

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

No matters reported

Section IV – Summary schedule of prior audit findings:

No matters reported