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Part III

Statement of Program Service Accomplishments

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

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1

Briefly describe the organization's mission

MARIETTA MEMORIAL HOSPITAL IS A NOT-FOR-PROFIT COMMUNITY HOSPITAL WHERE SERVICE EXCELLENCE AND CLINICAL QUALITY CREATE THE REGION'S BEST EXPERIENCE FOR PATIENTS AND THEIR FAMILIES, PHYSICIANS, THE COMMUNITY, AND OUR EMPLOYEES

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 223,885,101 including grants of \$) (Revenue \$ 303,362,677)

"DURING THE TWELVE MONTHS ENDING SEPTEMBER 30, 2013 THE HOSPITAL PROVIDED 35,251 INPATIENT CARE DAYS, 101,767 HOURS OF OBSERVATION CARE, 10,537 SURGICAL CASES, 38,771 PHYSICAL THERAPY PROCEDURES, 42,844 EMERGENCY VISITS, 656 DELIVERIES, 44,957 CHEMOTHERAPY TREATMENTS, 26,958 RADIATION TREATMENTS, 7,275 WOUND CARE VISITS, 1,040 CARDIAC CATHERIZATIONS AND 151,078, IMAGING PROCEDURES MARIETTA MEMORIAL BELIEVES IN MORE THAN PROVIDING THE BEST LOCAL HEALTHCARE WE BELIEVE IN INVESTING IN OUR COMMUNITY, SUPPORTING OUR NEIGHBORS, OUR FAMILIES AND FRIENDS OUR COMMITMENT IS TRULY TO OUR COMMUNITY - AS AN EMPLOYER, AS A CORPORATE CITIZEN AND AS A COMMUNITY RESOURCE AND AS A HEALTHCARE PROVIDER TO THAT END, THE HOSPITAL, ITS PHYSICIANS, STAFF AND VOLUNTEERS EXTEND THEMSELVES WELL BEYOND PATIENT CARE WE PROVIDE COMMUNITY CLINICAL SUPPORT SERVICES, WELLNESS EDUCATION, PROGRAMS, SUPPORT GROUPS, FINANCIAL SUPPORT TO LOCAL ORGANIZATIONS, AND OUR OWN PERSONAL TIME TO ENSURE THE HIGHEST QUALITY OF LIFE FOR EVERYONE WITHIN OUR COMMUNITY WE CALL IT GIVING BACK PART OF OUR MISSION EXTENDS TO WELLNESS EDUCATION AND HEALTH PREVENTION WE SPEAK OUT IN OUR COMMUNITY, WE SPONSOR SUPPORT GROUPS, WE PROVIDE DOZENS OF WELLNESS PROGRAMS AND WE PROVIDE MONTHLY OPPORTUNITIES FOR FREE AND/OR LOW COST HEALTH SCREENINGS THE HOSPITAL SUPPORTS PARTNERSHIPS, COMMUNITY HEALTH COALITIONS, AREA CHAMBERS OF COMMERCE, LOCAL NOT-FOR-PROFIT ORGANIZATIONS, LOCAL SCHOOLS AND GOVERNMENTS ADDITIONALLY, MANY OF OUR STAFF MEMBERS, PHYSICIANS AND VOLUNTEERS DONATE THEIR TIME TO SERVE ON LOCAL BOARDS, COMMITTEES, AND ASSOCIATIONS WE PROVIDE OPPORTUNITIES FOR LOCAL STUDENTS TO TRAIN WITHIN OUR HOSPITAL UNDER VARIOUS EDUCATIONAL PROGRAMS AND AGREEMENTS WITH AREA SCHOOL SYSTEMS THIS SERVES BOTH THE STUDENTS AND THE COMMUNITY AS IT OFTEN INCREASES OUR SUPPLY OF LOCAL HEALTH CARE WORKERS "

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses ▶ 223,885,101

Form 990 (2012)

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	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	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	No
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		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, 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		No
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		No
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		
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.	2,142	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	439	
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
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)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	18	
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	16	
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	No
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	Yes
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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	OH
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	ERIC YOUNG 401 MATTHEW STREET MARIETTA, OH (740) 374-1641

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) THOMAS TUCKER CHAIRMAN	1 00	X		X				0	0	0
(2) MICHAEL IADEROSA VICE-CHAIRMAN	1 00	X		X				0	0	0
(3) COLLEEN COOK SECRETARY	1 00	X		X				0	0	0
(4) GLEN HALE TREASURER	1 00	X		X				0	0	0
(5) MICHAEL ARCHER BOARD MEMBER	1 00	X						0	0	0
(6) MARK BRADLEY BOARD MEMBER	1 00	X						0	0	0
(7) MICHAEL BROCKETT MD BOARD MEMBER	1 00	X						0	0	0
(8) DENNIE BURCHETT BOARD MEMBER	1 00	X						0	0	0
(9) JOSEPH COOPER MD BOARD MEMBER	1 00	X						0	0	0
(10) THOMAS DANFORD DDS BOARD MEMBER	1 00	X						0	0	0
(11) CHARLOTTE HATFIELD PHD BOARD MEMBER	1 00	X						0	0	0
(12) LARRY HAWN BOARD MEMBER	1 00	X						0	0	0
(13) JOHN MATTHEWS BOARD MEMBER	1 00	X						0	0	0
(14) RANDALL PERRY BOARD MEMBER	1 00	X						0	0	0
(15) DAVID SPEARS DO BOARD MEMBER	1 00	X						0	0	0
(16) JAY STOWE BOARD MEMBER	1 00	X						0	0	0
(17) CHUCH SULERZYSKI BOARD MEMBER	1 00	X						0	0	0

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) GEORGE TOKODI DO BOARD MEMBER	1 00	X						0	0	0
(19) J SCOTT CANTLEY CEO	40 00			X				642,106	0	17,500
(20) ERIC YOUNG CFO	40 00			X				299,181	0	0
(21) DEEANN GEHLAUF SR VP BUSINESS/ORGANIZATION	40 00				X			257,117	0	10,875
(22) BONNIE FLANNERY VP QUALITY	40 00					X		186,620	0	15,063
(23) ROBERTA HOWARD VP NURSING	40 00					X		256,575	0	9,375
(24) KEVIN MALCOMB VP POST ACUTE	40 00					X		193,302	0	15,750
(25) JOAN WASHBURN VP CLINICAL	40 00					X		252,498	0	17,500
(26) PAUL WESTBROCK VP LEGAL	40 00					X		263,165	0	10,819
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,350,564	0	96,882

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶28

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. 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
	CARETECH SOLUTIONS INC PO BOX 674271 DETROIT MI 48267	INFORMATION TECHNOLOGY	3,837,457
	HORIZON HEALTH 1965 LAKEPOINT DRIVE SUITE 100 LEWISVILLE TX 75057	PSYCHIATRIC MANAGEMENT	2,517,445
	CPEOPLE LP 2274 ROCKBROOK DRIVE LEWISVILLE TX 75057	INFORMATION TECHNOLOGY	2,026,360
	MEDONE SYSTEMS LLC 401 MATTHEW STREET MARIETTA OH 45750	HOSPITALIST SERVICE	1,311,027
	AXIS ELECTRIC LLC 9935 ST ROUTE 821 LOWER SALEM OH 45745	CONSTRUCTION	1,181,071
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶5		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d			
	e	Government grants (contributions)	1e	3,836,216		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,374		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		3,839,590		
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 623000	303,399,968	303,399,968	
	b	LAB INCOME	621500	170,422	170,422	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		303,570,390		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	221,697		
4		Income from investment of tax-exempt bond proceeds				
5		Royalties				
6a		Gross rents	(i) Real 224,448	(ii) Personal		
b		Less rental expenses	511,715			
c		Rental income or (loss)	-287,267			
d		Net rental income or (loss)	-287,267	-287,267		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
b		Less cost or other basis and sales expenses	1,602,816			
c		Gain or (loss)	-1,602,816			
d		Net gain or (loss)	-1,602,816	-1,602,816		
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
b		Less direct expenses	b			
c		Net income or (loss) from fundraising events				
9a		Gross income from gaming activities See Part IV, line 19	a			
b		Less direct expenses	b			
c		Net income or (loss) from gaming activities				
10a		Gross sales of inventory, less returns and allowances	a			
b		Less cost of goods sold	b			
c		Net income or (loss) from sales of inventory				
	Miscellaneous Revenue	Business Code				
11a	INCOME FROM AFFILIATES	900099	1,682,370	1,682,370		
b	CAFETERIA	722210	963,146		963,146	
c	PHYSICIAN ANSWERING SERVICE	900099	692,796		692,796	
d	All other revenue		707,422		707,422	
e	Total. Add lines 11a-11d		4,045,734			
12	Total revenue. See Instructions		309,787,328	303,362,677	0	2,585,061

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.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,753,934	1,508,383	245,551	
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.	121,059,663	104,676,984	16,382,679	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	5,640,540	4,851,055	789,485	
9	Other employee benefits.	20,840,875	5,995,777	14,845,098	
10	Payroll taxes.	7,170,472	2,643,570	4,526,902	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	262,474		262,474	
c	Accounting.	45,706		45,706	
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).	35,821,988	16,651,130	19,170,858	
12	Advertising and promotion.	633,623	33,454	600,169	
13	Office expenses.	9,597,599	8,263,088	1,334,511	
14	Information technology.				
15	Royalties.				
16	Occupancy.	2,593,809	65,192	2,528,617	
17	Travel.	722,652	288,253	434,399	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	7,450,586		7,450,586	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	12,514,024	536,210	11,977,814	
23	Insurance.	2,666,376	276,153	2,390,223	
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	SUPPLIES-MEDICAL AND DR	38,965,937	38,965,906	31	
b	BAD DEBT	33,207,442	33,207,442		
c	RENTAL EQUIPMENT	5,396,341	3,684,161	1,712,180	
d	OTHER	3,273,406	1,928,639	1,344,767	
e	All other expenses	1,466,880	309,704	1,157,176	
25	Total functional expenses. Add lines 1 through 24e.	311,084,327	223,885,101	87,199,226	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		25,833,841	1	35,289,588
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		57,538,360	4	79,950,289
	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		38,681,974	7	14,565,463
	8	Inventories for sale or use		2,661,130	8	3,825,368
	9	Prepaid expenses and deferred charges		1,328,361	9	5,788,264
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a268,496,940			
	b	Less accumulated depreciation	10b133,610,214	115,487,992	10c	134,886,726
	11	Investments—publicly traded securities		56,722,187	11	37,619,926
	12	Investments—other securities See Part IV, line 11			12	1,209,665
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		10,762,010	15	12,898,681
	16	Total assets. Add lines 1 through 15 (must equal line 34)		309,015,855	16	326,033,970
Liabilities	17	Accounts payable and accrued expenses		79,321,316	17	74,536,598
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		142,785,000	20	146,476,712
	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			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	5,710,465
	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			25	
	26	Total liabilities. Add lines 17 through 25		222,106,316	26	226,723,775
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		86,794,539	27	97,850,530
	28	Temporarily restricted net assets			28	1,459,665
	29	Permanently restricted net assets		115,000	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		86,909,539	33	99,310,195
	34	Total liabilities and net assets/fund balances		309,015,855	34	326,033,970

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	309,787,328
2	Total expenses (must equal Part IX, column (A), line 25)	2	311,084,327
3	Revenue less expenses Subtract line 2 from line 1	3	-1,296,999
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	86,909,539
5	Net unrealized gains (losses) on investments	5	265,733
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-1,020,209
9	Other changes in net assets or fund balances (explain in Schedule O)	9	14,452,131
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	99,310,195

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		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 ☐ Separate basis ☐ Consolidated basis ☒ 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?		No
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		

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 MARIETTA MEMORIAL HOSPITAL	Employer identification number 31-4379509
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Part I

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

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

1	☐	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	☐	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	☒	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	☐	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
5	☐	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6	☐	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	☐	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8	☐	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	☐	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	☐	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	☐	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
e	☐	By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
f	☐	If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
g	☐	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (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									

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 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 MARIETTA MEMORIAL HOSPITAL	Employer identification number 31-4379509
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Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
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

▶\$ _____

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

d

☐

Loan or exchange programs

b

☐

Scholarly research

e

☐

Other

c

☐

Preservation for future generations
- 4
- Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part 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 | |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 2a
- Did the organization include an amount on Form 990, Part X, line 21?
- ☐ Yes

☐ No
- b
- If "Yes," explain the arrangement in Part 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				
b	Contributions				
c	Net investment earnings, gains, and losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

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

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a
- Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No
- 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 | 2,402,944 | | 2,402,944 |
| b | Buildings | 147,010,755 | 65,107,072 | 81,903,683 |
| c | Leasehold improvements | | | |
| d | Equipment | 114,594,646 | 65,330,117 | 49,264,529 |
| e | Other | 4,488,595 | 3,173,025 | 1,315,570 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 134,886,726 |
- 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 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 SYSTEM AND RECOGNIZE A TAX LIABILITY IF THE SYSTEM 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 SYSTEM, AND HAS CONCLUDED THAT AS OF SEPTEMBER 30, 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. AS SUCH, THE SYSTEM IS GENERALLY EXEMPT FROM INCOME TAXES. HOWEVER, THE SYSTEM, EXCLUDING MSC, IS REQUIRED TO FILE FEDERAL FORM 990 - RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX WHICH IS AN INFORMATIONAL RETURN ONLY. THE SYSTEM AND MSC HAVE FILED THEIR TAX RETURNS FOR PERIODS THROUGH 2012. THE RETURNS FOR MSC ARE GENERALLY OPEN TO EXAMINATION BY THE RELEVANT TAXING AUTHORITIES FOR A PERIOD OF THREE YEARS FROM THE LATER OF THE DATE THE RETURN WAS FILED OR ITS DUE DATE (INCLUDING APPROVED EXTENSIONS). THE SYSTEM AND MSC ARE SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS. HOWEVER, AS OF THE DATE THE FINANCIAL STATEMENTS WERE ISSUED, THERE WERE NO AUDITS FOR ANY TAX PERIODS IN PROGRESS.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARIETTA MEMORIAL HOSPITAL

Employer identification number
31-4379509

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☒ 100% ☐ 150% ☐ 200% ☐ 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 ☒ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ 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)			9,839,787	1,568,280	8,271,507	2 980 %
b Medicaid (from Worksheet 3, column a)			28,344,920	16,147,375	12,197,545	4 390 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			38,184,707	17,715,655	20,469,052	7 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		7,575	227,368		227,368	0 080 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits		7,575	227,368		227,368	0 080 %
k Total . Add lines 7d and 7j		7,575	38,412,075	17,715,655	20,696,420	7 450 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

No

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

33,206,571

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

59,264,579

6

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

6

66,956,594

7

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

7

-7,692,015

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

No

b

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

9b

Yes

No

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 MARIETTA SURGERY CENTER	OUTPATIENT SURGERY	51 000 %		49 000 %
2 2 MARIETTA HOME HEALTH & HOSPICE	HOME HEALTH CARE	49 000 %		0 %
3 3 MARIETTA OCCUPATIONAL HEALTH PARTNERS	OCCUPATIONAL HEALTH	51 000 %		49 000 %
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MARIETTA MEMORIAL HOSPITAL 401 MATTHEW STREET MARIETTA, OH 45750		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)

MARIETTA MEMORIAL 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 ☒ A definition of the community served by the hospital facility			
b ☒ Demographics of the community			
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☒ How data was obtained			
e ☒ The health needs of the community			
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h ☒ The process for consulting with persons representing the community's interests			
i ☒ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>11</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 ☐ Hospital facility's website			
b ☒ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b ☒ Execution of the implementation strategy			
c ☒ Participation in the development of a community-wide plan			
d ☐ Participation in the execution of a community-wide plan			
e ☒ Inclusion of a community benefit section in operational plans			
f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☒ Prioritization of health needs in its community			
h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☒ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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>100 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>200 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 ☒ Income level			
b ☐ Asset level			
c ☒ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☒ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☒ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
a ☒ Reporting to credit agency			
b ☒ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☒ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? 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?

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 33206571
		PART III, LINE 4 FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED ON THE SYSTEM'S EVALUATION OF ITS MAJOR PAYOR SOURCES OF REVENUE, THE AGING OF THE ACCOUNTS, HISTORICAL LOSSES, CURRENT ECONOMIC CONDITIONS, AND OTHER FACTORS UNIQUE TO THEIR SERVICE AREA AND THE HEALTHCARE INDUSTRY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PAYMENTS, 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 SYSTEM 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

Identifier	ReturnReference	Explanation
		PART III, LINE 8 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 WILL 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
		PART III, LINE 9B THE HOSPITAL PROVIDES CARE WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES TO PATIENTS WHO COMPLETE A CHARITY CARE APPLICATION IF A PATIENT COMPLETES AND SIGNS THE APPLICATION AND THEIR INCOME IS LESS THAN 100% OF THE FPG (BASED ON FAMILY SIZE) THEN THE ENTIRE ACCOUNT BALANCE IS DISMISSED IF THE PATIENT QUALIFIES FOR PARTIAL CHARITY CARE, I E THE INCOME IS GREATER THAN 100% OF FPG AND LESS THAN 200% THEN THE AMOUNT DISMISSED IS PRO- RATED BASED UPON THE WRITTEN INTERNAL POLICY THE REMAINING AMOUNT AFTER CHARITY ADJUSTMENT IS SUBJECT TO THE SAME COLLECTION PROCESS AS ANY PATIENT WITH A SELF PAY BALANCE WOULD EXPERIENCE

Identifier	ReturnReference	Explanation
MARIETTA MEMORIAL HOSPITAL		PART V, SECTION B, LINE 3 SURVEY OF COMMUNITY HEALTH COUNCIL MEMBER AGENCIES
MARIETTA MEMORIAL HOSPITAL		PART V, SECTION B, LINE 4 SELBY GENERAL HOSPITAL

Identifier	ReturnReference	Explanation
MARIETTA MEMORIAL HOSPITAL		PART V, SECTION B, LINE 6I WE HAVE AGREED THAT MEMBER AGENCIES OF THE COMMUNITY HEALTH COUNCIL WILL APPLY THE REPORT FINDINGS TO THEIR DOMAIN AND CREATE INDIVIDUAL ACTION PLANS
MARIETTA MEMORIAL HOSPITAL		PART V, SECTION B, LINE 20D A SELF PAY DISCOUNT OF 40% IS AVAILABLE TO ALL PATIENTS WHO DO NOT QUALIFY FOR ANY FINANCIAL ASSISTANCE WHO PAY IN FULL OR BY AN ACCEPTABLE PLAN THE 40% DISCOUNT EQUALS A PAYMENT AMOUNT LOWER THAN THE LOWEST PAYING COMMERCIAL INSURANCE CO

Identifier	ReturnReference	Explanation
MARIETTA MEMORIAL HOSPITAL		PART V, SECTION B, LINE 22 A SELF PAY DISCOUNT OF 40% IS AVAILABLE TO ALL PATIENTS WHO DO NOT QUALIFY FOR ANY FINANCIAL ASSISTANCE WHO PAY IN FULL OR BY AN ACCEPTABLE PLAN THE 40% DISCOUNT EQUALS A PAYMENT AMOUNT LOWER THAN THE LOWEST PAYING COMMERCIAL INSURANCE CO [PROVIDE EXPLANATION]

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARIETTA MEMORIAL HOSPITAL

Employer identification number
31-4379509

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 ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	
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	
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☒ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?	4a	No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
c 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	4c	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		
a The organization?	5a	No
b Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5b	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		
a The organization?	6a	No
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b	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	No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8	No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)J SCOTT CANTLEY CEO	(i)	536,000	72,800	33,306	17,500	0	659,606	0
	(ii)	0	0	0	0	0	0	0
(2)ERIC YOUNG CFO	(i)	268,381	30,800	0	0	0	299,181	0
	(ii)	0	0	0	0	0	0	0
(3)DEEANN GEHLAUF SR VP BUSINESS/ORGANIZATION	(i)	231,077	26,040	0	10,875	0	267,992	0
	(ii)	0	0	0	0	0	0	0
(4)BONNIE FLANNERY VP QUALITY	(i)	164,920	21,700	0	15,063	0	201,683	0
	(ii)	0	0	0	0	0	0	0
(5)ROBERTA HOWARD VP NURSING	(i)	231,077	25,498	0	9,375	0	265,950	0
	(ii)	0	0	0	0	0	0	0
(6)KEVIN MALCOMB VP POST ACUTE	(i)	174,701	18,601	0	15,750	0	209,052	0
	(ii)	0	0	0	0	0	0	0
(7)JOAN WASHBURN VP CLINICAL	(i)	219,058	33,440	0	17,500	0	269,998	0
	(ii)	0	0	0	0	0	0	0
(8)PAUL WESTBROCK VP LEGAL	(i)	228,765	34,400	0	10,819	0	273,984	0
	(ii)	0	0	0	0	0	0	0

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
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARIETTA MEMORIAL HOSPITAL

Employer identification number
31-4379509

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 SOUTHEASTERN OHIO PORT AUTHORITY	82-0585565	841895AJ4	07-20-2012	145,517,368	HOSPITAL FACILITIES REVENUE		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	70,624,688							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	145,517,368							
4	Gross proceeds in reserve funds	10,125,625							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	2,785,475							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

					A		B		C		D	
					Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?					X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?					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						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
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?	X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	%		%		%		%	
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						
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						
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						

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		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						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		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						
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						
7	Has the organization established written procedures to monitor the requirements of section 148?		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?	X							

Part VI

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

Identifier	Return Reference	Explanation
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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 MARIETTA MEMORIAL HOSPITAL	Employer identification number 31-4379509
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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) JOHN MATTHEWS	BOARD MEMBER	5,280	RENTAL OF BUILDING		No
(2) JOHN MATTHEWS	BOARD MEMBER	947,572	CONSTRUCTION		No
(3) MICHAEL ARCHER	BOARD MEMBER	174,045	RENTAL OF BUILDING		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
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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
MARIETTA MEMORIAL HOSPITAL

Employer identification number
31-4379509

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE ORGANIZATION IS MARIETTA AREA HEALTHCARE INC
	FORM 990, PART VI, SECTION A, LINE 7A	MARIETTA AREA HEALTH INC IS RESPONSIBLE FOR MAKING THE FINAL DECISIONS WITH REGARD TO CERTAIN FINANCIAL AND ORGANIZATIONAL ISSUES THAT SIGNIFICANTLY IMPACT MARIETTA MEMORIAL HOSPITAL
	FORM 990, PART VI, SECTION B, LINE 11	THE PROCESS OF REVIEWING THE FORM 990 ENTAILS A DETAILED REVIEW BY THE ORGANIZATION'S ACCOUNTING DEPARTMENT. THE GOVERNING BODY RECEIVES AN ELECTRONIC COPY OF THE FORM 990 INCLUDING REQUESTED SCHEDULES, AS ULTIMATELY FILED WITH THE IRS, FOR REVIEW.
	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 INTEGRITY COMMITTEE. THE SCOPE OF THIS POLICY INCLUDES THE DIRECTORS, OFFICERS AND SENIOR EXECUTIVES. THE PURPOSE OF THE POLICY IS TO PROTECT THE HOSPITAL'S INTEREST WHEN IT IS CONTEMPLATING ENTERING INTO A TRANSACTION OR ARRANGEMENT THAT MIGHT BENEFIT THE PRIVATE INTEREST OF AN INTERESTED OFFICER, DIRECTOR OR PERSON. ANY CONFLICT RESULTING IN INELIGIBILITY FOR OR REMOVAL FROM THE BOARD OR SPECIFIC COMMITTEES INCLUDE THE FOLLOWING: A REPEATED, INTENTIONAL FAILURE TO DISCLOSE A CONFLICT OF INTEREST; B HAVING A FAMILY MEMBER WHO IS A SENIOR EXECUTIVE FOR THE HOSPITAL; C A MATERIAL INVESTMENT OR EMPLOYMENT RELATIONSHIP INVOLVING AN INTERESTED PERSON IN AN ASC, A PROPRIETARY HOSPITAL, OR NURSING FACILITY WITHIN THE HOSPITAL'S SERVICE AREA THAT IS NOT OWNED BY THE HOSPITAL. ANNUAL DISCLOSURES ARE REQUIRED SETTING FORTH ALL BUSINESS AND OTHER AFFILIATIONS, WHICH RELATE IN ANY WAY TO THE HOSPITAL. THE COMMITTEE RECOMMENDS THE DISQUALIFICATION OR REMOVAL OF INTERESTED PERSONS WHEN NECESSARY AND REPORTS TO THE BOARD THOSE DIRECTORS WHICH THE COMMITTEE HAS DETERMINED MEET THE DEFINITION OF INDEPENDENT DIRECTOR.
	FORM 990, PART VI, SECTION B, LINE 15	"THE COMPENSATION COMMITTEE REVIEWS FAIR MARKET WAGE DATA. SPECIFIC APPROVAL OF BOARD MUST BE SOUGHT IF PHYSICIAN COMPENSATION IS 75% OR GREATER OF MEDIAN IN THE ANNUAL MGMA STUDY. EXECUTIVE AND ALL OTHER HOSPITAL STAFF COMPENSATION IS SET AT MEDIAN. AN EXECUTIVE COMPENSATION FIRM IS UTILIZED (YAFFE & COMPANY). A SEPARATE INDEPENDENT CONSULTANT (VMG) IS RETAINED FOR PHYSICIAN COMPENSATION STUDIES AS NEEDED.
	FORM 990, PART VI, SECTION C, LINE 19	THE DOCUMENTS CAN BE VIEWED IN THE ADMINISTRATION OFFICE.
OTHER FEES	FORM 990, PART IX, LINE 11G	PURCHASED SERVICES: PROGRAM SERVICE EXPENSES 13,739,953; MANAGEMENT AND GENERAL EXPENSES 18,913,694; FUNDRAISING EXPENSES 0; TOTAL EXPENSES 32,653,647. MEDICAL PROFESSIONAL FEES: PROGRAM SERVICE EXPENSES 2,911,177; MANAGEMENT AND GENERAL EXPENSES 257,164; FUNDRAISING EXPENSES 0; TOTAL EXPENSES 3,168,341.
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	TRANSFERS 4,693,692; CHANGE IN INTEREST OF NET ASSETS 57,539; PENSION RELATED CHANGES 9,700,900.

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
MARIETTA MEMORIAL HOSPITAL

Employer identification number
31-4379509

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

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) MARIETTA AREA HEALTH INC 401 MATTHEW ST MARIETTA, OH 45750 31-1150470	HEALTH CARE	OH	501(C)(3)	LINE 9	MEMORIAL AREA HEALTHCARE INC		No
(2) MARIETTA CONT CARE RETIREMENT COMM 401 MATTHEW ST MARIETTA, OH 45750 31-1421830	LONG TERM CARE	OH	501(C)(3)	LINE 3	MEMORIAL AREA HEALTHCARE INC		No
(3) SELBY GENERAL HOSPITAL 1106 COLEGATE DRIVE MARIETTA, OH 45750 31-4379509	HEALTH CARE	OH	501(C)(3)	LINE 9	MEMORIAL AREA HEALTHCARE INC		No
(4) MARIETTA AREA HEALTHCARE INC 401 MATTHEW ST MARIETTA, OH 45750 31-1126451	HEALTH CARE	OH	501(C)(3)	LINE 11C, III-FI			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) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) MARIETTA OCCUPATIONAL HEALTH 401 MATTHEW ST MARIETTA, OH 45750 04-3587132	HEALTH CARE	OH	MARIETTA MEMORIAL HOSPITAL	EXCLUDE	177,339	11,645		No			No	51 000 %
(2) MARIETTA SURGERY CENTER 611 SECOND ST MARIETTA, OH 45750 31-1684367	HEALTH CARE	OH	MARIETTA MEMORIAL HOSPITAL	EXCLUDE	880,029	446,066		No			No	44 000 %
(3) MARIETTA HOME HEALTH AND HOSPICE 5959 S SHERWOOD FOREST BLVD BATON ROUGE, LA 70816	HEALTH CARE	LA		EXCLUDE	289,090	1,239,630		No			No	50 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	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

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

1n

No

1o

No

1p

No

1q

No

1r

No

1s

No

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

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

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: 31-4379509
Name: MARIETTA MEMORIAL HOSPITAL

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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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2012

Attachment
Sequence No **179**

Name(s) shown on return
MARIETTA MEMORIAL HOSPITAL

Business or activity to which this form relates
FORM 990 PAGE 10

Identifying number

31-4379509

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6				
7	Listed property Enter the amount from line 29	7		
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9	Tentative deduction Enter the smaller of line 5 or line 8	9		
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10		
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13	Carryover of disallowed deduction to 2013 Add lines 9 and 10, less line 12	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	12,514,024
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No						24b If "Yes," is the evidence written? ☐ Yes ☐ No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost	
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25			
26 Property used more than 50% in a qualified business use									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use									
		%				S/L -			
		%				S/L -			
		%				S/L -			
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28			
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

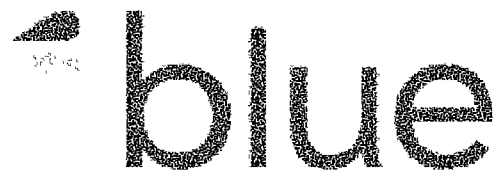
(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year (see instructions)					
43 Amortization of costs that began before your 2012 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	

tax info begins on pdg page 40

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

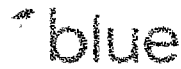
SEPTEMBER 30, 2013 AND 2012



MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

TABLE OF CONTENTS SEPTEMBER 30, 2013 AND 2012

	Page
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplementary Information	
Report of Independent Auditors on Supplementary Information	36
Consolidating Balance Sheets	37
Consolidating Statements of Operations and Changes in Net Assets	39
Consolidating Statements of Cash Flows	41



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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Marietta Area Health Care, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Marietta Area Health Care, Inc. and Subsidiaries (collectively referred to as the "System"), which comprise the consolidated balance sheets as of September 30, 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 did not audit the 2012 financial statements of Memorial Health Foundation, a consolidated subsidiary, which statements reflect total assets of \$17,991,650 as of September 30, 2012, and total excess of revenues over expenses of \$3,364,003 and for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Memorial Health Foundation as of September 30, 2012, and for the year then ended, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statements

The financial statements of the Memorial Health Foundation as of September 30, 2012, were audited by other auditors whose report dated January 15, 2013, expressed an unmodified opinion on those financial statements. As discussed in Note 16 to the consolidated financial statements, the System has restated its 2012 consolidated financial statements during 2013 to correct the net asset classifications within the Memorial Health Foundation's financial statements, in accordance with accounting principles generally accepted in the United States of America. The other auditor's reported on the 2012 financial statements prior to restatement.

As part of our audit of the 2013 consolidated financial statements, we also audited the adjustments described in Note 16 that were applied to restate the 2012 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Foundation's 2012 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the Foundation's 2012 financial statements as a whole.



January 28, 2014
Columbus, OH

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2013 AND 2012

ASSETS

	2013	2012
Current assets		
Cash and cash equivalents	\$ 36,549,228	\$ 28,252,344
Patient accounts receivable, net of allowance for doubtful accounts of \$35,941,547 in 2013 and \$21,628,783 in 2012	66,990,489	65,954,853
Other receivables	25,559	1,404,772
Estimated third-party settlements	4,120,787	2,213,459
Inventories	4,148,154	2,955,564
Prepaid expenses and other assets	5,620,130	2,412,699
Total current assets	117,454,347	103,193,691
Cash and investments limited as to use		
Board designated assets and donor restricted funds	32,724,839	27,998,455
Held by trustee- under bond indenture agreement	26,679,965	46,211,797
	59,404,804	74,210,252
Property, plant and equipment, net		
Used in operations	159,201,306	142,991,961
Assets used for rental purposes	2,141,635	2,329,324
	161,342,941	145,321,285
Other assets		
Notes receivable	557,256	621,357
Unamortized bond issue costs	2,936,185	2,995,609
Goodwill	4,683,214	4,683,214
Other	1,550,392	1,417,719
	9,169,791	9,096,542
Total assets	\$ 347,929,139	\$ 332,443,127

See accompanying notes to consolidated financial statements.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2013 AND 2012

LIABILITIES AND NET ASSETS

	2013	2012
Current liabilities		
Line of credit	\$ 5,000,000	\$ 5,000,000
Accounts payable and accrued expenses	25,442,766	24,749,568
Accrued salaries, wages and related liabilities	22,242,277	14,499,616
Accrued interest payable	2,719,944	1,184,664
Other obligations	1,881	1,080,230
Current portion of long-term debt	2,933,131	3,222,666
Deferred revenue, current	193,418	190,709
Total current liabilities	58,533,417	49,927,453
Accrued pension cost	26,446,813	33,085,785
Long-term debt, less current portion	144,891,656	143,422,610
Deferred revenue	4,657,114	5,117,706
Total liabilities	234,529,000	231,553,554
Net assets		
Unrestricted:		
Controlling interest	111,573,028	98,968,803
Non-controlling interest	367,446	518,644
Total unrestricted	111,940,474	99,487,447
Temporarily restricted	1,459,665	1,402,126
Total net assets	113,400,139	100,889,573
Total liabilities and net assets	\$ 347,929,139	\$ 332,443,127

See accompanying notes to consolidated financial statements.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Operating revenue		
Net patient service revenue	\$ 351,914,227	\$ 313,409,895
Less: provision for bad debts	<u>(37,403,838)</u>	<u>(28,854,159)</u>
Net patient service revenue less provision for bad debts	314,510,389	284,555,736
Other operating revenue	<u>7,768,399</u>	<u>2,900,151</u>
Total operating revenue	322,278,788	287,455,887
Operating expenses		
Salaries and wages	138,924,640	123,734,929
Employee benefits	39,050,552	37,822,594
Supplies	57,579,523	54,292,874
Purchased services	37,652,394	29,852,952
Medical professional fees	3,525,354	4,219,430
Rent	6,237,861	5,689,514
Insurance	3,026,977	2,658,706
Utilities	4,185,245	3,895,836
Interest and amortization	8,401,428	4,300,499
Depreciation	14,846,288	10,720,921
Other	<u>6,450,874</u>	<u>7,540,709</u>
Total operating expenses	<u>319,881,136</u>	<u>284,728,964</u>
Operating income	2,397,652	2,726,923
Non-operating gains (losses)		
Investment income	2,200,225	3,754,881
Unrestricted contributions	369,372	1,386,560
Change in fair value of interest rate swaps	-	(141,093)
Other	<u>(479,817)</u>	<u>(3,144,727)</u>
Total non-operating gains (losses)	<u>2,089,780</u>	<u>1,855,621</u>
Excess of revenues over expenses	<u><u>\$ 4,487,432</u></u>	<u><u>\$ 4,582,544</u></u>

See accompanying notes to consolidated financial statements.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Unrestricted net assets		
Excess of revenues over expenses	\$ 4,487,432	\$ 4,582,544
Net change in unrealized gains on investments	302,618	1,590,931
Pension related changes other than net periodic pension cost	9,700,900	(5,556,814)
Other	(2,037,923)	(760,983)
Change in unrestricted net assets	12,453,027	(144,322)
Less change in unrestricted net assets attributable to non-controlling interest	(151,198)	352,392
Change in unrestricted net assets attributable to controlling interest	12,604,225	(496,714)
Temporarily Restricted net assets		
Contributions	-	1,250,000
Investment income and unrealized losses on investments	57,539	86,222
Change in temporarily restricted net assets	57,539	1,336,222
 Change in net assets	 12,510,566	 1,191,900
Net assets, beginning of year	100,889,573	99,697,673
Net assets, end of year	\$ 113,400,139	\$ 100,889,573

See accompanying notes to consolidated financial statements.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Operating activities		
Change in net assets	\$ 12,510,566	\$ 1,191,900
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debts	37,403,838	28,854,159
Depreciation - assets used for operations	14,846,288	10,720,921
Depreciation - assets used for rental purposes	759,305	773,203
Loss on disposal of property, plant and equipment	38,147	131,820
Proceeds from restricted contributions and investment income	(57,539)	(250,000)
Net change in unrealized gains on investments	(302,618)	(1,590,931)
Other changes in unrestricted net assets	1,433,250	760,983
Realized losses on investments	(2,200,225)	(3,842,603)
Write-off of bond costs associated with refinancing	-	1,490,515
Pension related changes other than net periodic pension cost	(9,700,900)	5,556,814
Change in fair value of interest rate swap	-	141,093
Changes in operating assets and liabilities		
Patient accounts receivable	(38,439,474)	(62,221,933)
Inventories	(1,192,590)	(945,419)
Prepaid expenses and other current assets	(1,828,218)	(1,689,586)
Other assets	(73,249)	(165,662)
Accounts payable and accrued expenses	693,198	1,615,190
Accrued salaries, wages and related liabilities	7,742,661	1,452,708
Accrued interest payable	1,535,280	869,969
Estimated third-party settlements	(1,907,328)	(1,553,634)
Payment of swap agreements	-	(5,643,000)
Pension liability	3,061,928	1,304,462
Deferred revenue	(457,883)	97,613
Net cash from operating activities	23,864,437	(22,941,418)
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,263,219)	(26,948,796)
Proceeds on sale of property, plant and equipment	-	460,458
Change in notes receivable	64,101	100,054
Goodwill	-	(593,398)
Change in assets whose use is limited	17,308,291	(22,517,615)
Net cash from investing activities	(9,890,827)	(49,499,297)
Cash flows from financing activities		
Proceeds from restricted contributions and investment income	57,539	250,000
Dividends paid on non-controlling interest	(1,433,250)	(760,983)
Change in other obligations	(1,078,349)	(569,770)
Borrowings under line of credit, net	-	1,000,000
Bond issuance costs	-	(2,788,455)
Proceeds from long term borrowings	-	146,672,998
Principal payments on long-term obligations	(3,222,666)	(72,637,355)
Net cash from financing activities	(5,676,726)	71,166,435
Net change in cash and cash equivalents	8,296,884	(1,274,280)
Cash and cash equivalents, beginning of year	28,252,344	29,526,624
Cash and cash equivalents, end of year	\$ 36,549,228	\$ 28,252,344
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 6,866,148	\$ 3,430,530
Equipment acquired under capital leases	\$ 4,402,177	\$ -

See accompanying notes to consolidated financial statements.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Marietta Area Health Care, Inc. ("MAHC") is a nonprofit corporation organized under the laws of the State of Ohio to provide and promote health care services.

MAHC is the sole corporate member of Marietta Area Health, Inc. (the "Nursing Home"), Memorial Health Foundation (the "Foundation"), Marietta Continuing Care Retirement Community, Inc. (the "MCCRC"), Selby General Hospital ("Selby"), Marietta Memorial Hospital ("MMH") and Marietta Health Care Physicians, Inc. ("MHCPI"). Selby and MMH will be collectively known as the "Hospitals." All of these subsidiaries are Ohio nonprofit organizations.

During 2010, MMH purchased a 51% interest in Marietta Surgery Center, Ltd ("MSC"). MSC is consolidated with the operations of MAHC for financial statements purposes.

The accompanying consolidated financial statements include the accounts of MAHC and subsidiaries (the "System"). All significant intercompany transactions and balances have been eliminated in consolidation.

New Accounting Pronouncement

The System adopted Accounting Standards Update 2011-07, *Healthcare Entities (Topic 954), "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities,"* which requires certain healthcare entities to present the provision for bad debts relating to patient service revenue as a deduction from patient service revenue in the statement of operations and changes in net assets rather than as an operating expense. All periods presented have been reclassified to conform to this presentation. The System's adoption of this standard had no net impact on financial position, results of operations, or cash flows.

This standard also requires healthcare entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. See the "Patient Accounts Receivable and Net Patient Service Revenue" and "Allowance for Doubtful Accounts" sections of this note.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Cash and Cash Equivalents

Investments, consisting of money markets and certificates of deposit, with a maturity of three months or less when purchased are considered to be cash equivalents, excluding assets whose use is limited.

The System maintains cash balances with several banking institutions. At September 30, 2013 and 2012, certain amounts on deposit at these institutions exceeded the amounts which would be covered by the Federal Deposit Insurance Corporation ("FDIC").

Investments and Assets Whose Use Is Limited

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues under expenses, unless the income or loss is restricted by donor or law. Realized gains and losses are determined based on the specific identification method. Unrealized gains and losses on investments are excluded from the excess of revenues under expenses.

The System continually reviews non-trading investments for impairment conditions that indicate that an other-than-temporary decline in market value has occurred. In conducting this review, numerous factors are considered which, individually or in combination, indicate that a decline is other-than-temporary and that a reduction of the carrying value is required. These factors include specific information pertaining to an individual company or a particular industry and general market conditions that reflect prospects for the economy as a whole. Based on this review, there were no other-than-temporary losses during the year ended September 30, 2013 and 2012.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the accompanying financial statements.

Assets whose use is limited include assets held by trustees under indenture agreements, donor restricted assets designated for supporting the Strecker Cancer Center and designated assets set aside by the Board of Directors (the "Board") to fund the following obligations of the System:

- Expansion and renovation project and other capital improvements;
- Payment of principal and interest on outstanding bond obligations and other financing arrangements;

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

- Payment of obligations arising from the System's self-insurance arrangements;
- Payment of obligations arising from the System's deferred compensation agreements.

Classification of Net Assets

The System's financial statements report net assets and changes in three net assets in classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted net assets - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the System, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The System's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of property or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the System, unless the donor provides more specific directions about the period of its use. Donor-restricted contributions whose restrictions are met in the same year as received are reported as unrestricted. The temporarily restricted net assets are the result of donor gifts support the Strecker Cancer Center.

Permanently restricted net assets – Permanently restricted net assets are resources whose use by the System is limited by donor-imposed restrictions that neither expire by being used in accordance with the donor's restriction nor by the passage of time. The System does not have any permanently restricted net assets.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resource is subject to temporary or permanent donor restriction. All expenses and net losses other than losses are reported as decreases in unrestricted net assets.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Patient Accounts Receivable and Net Patient Service Revenue

The System recognizes net patient service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less actual adjustments and estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid, and managed care and other health plans. Gross patient service revenue is recorded in the accounting records using the established rates for the type of service provided to the patient. The System recognizes an estimated contractual allowance to reduce gross patient charges to the estimated net realizable amount for services rendered based upon previously agreed-to rates with a payor. The System utilizes the patient accounting system to calculate contractual allowances on a payor-by-payor basis based on the rates in effect for each primary third-party payor. Another factor that is considered and could further influence the level of the contractual reserves includes the status of accounts receivable balances as inpatient or outpatient. The System's management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms that result from contract renegotiations and renewals.

Payors include federal and state agencies, including Medicare and Medicaid, managed care health plans, commercial insurance companies, employers, and patients. These third-party payors provide payments to the System at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The System is a provider of services to patients entitled to coverage under Medicare and Medicaid.

Medicare: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Non-prospectively determined inpatient services for exempt units are paid based on a cost reimbursement methodology. Outpatient services (including ambulatory surgery, radiology, and other diagnostic services) are paid based on a payment system entitled Ambulatory Payment Classification. The System's Medicare cost reports have been settled by the Medicare intermediary through 2009.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Medicaid: Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed on a prospective payment system. Capital cost relating to Medicaid inpatient services are paid on the cost-reimbursement method. The System is reimbursed for outpatient services on an established fee-for-service methodology. The System's Medicaid cost reports have been settled through 2006.

The estimated settlements recorded at September 30, 2013 could differ from actual settlements based on the results of cost report audits by appropriate government authorities or their agents. In the opinion of management, adequate provision has been made in the financial statements for any adjustments that may result from their audits.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is substantially in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.

Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts based on the System's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to their service area and the healthcare industry. For receivables associated with self-pay payments, 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 System 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.

The September 30, 2013 and 2012 allowance for doubtful accounts of \$35,941,547 and \$21,628,783, respectively, relates to reserves for self-pay balances.

The allowance for doubtful accounts is based on a percentage of self-pay accounts receivable at September 30, 2013 and 2012. The System's self-pay write-offs increased \$4,533,641 from \$18,557,433 for 2012 to \$23,091,074 for 2013. The increase in write-offs is the result of increases in ending self-pay accounts receivable. The System does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Unamortized Bond Issue Costs

Financing costs are amortized over the term of the debt.

Inventories

Inventories, which consist of supplies, are stated at the lower of cost determined by the last-in, first out method (LIFO), or market.

Physician Recruitment Agreements and Physician Advances Receivable

Consistent with the System's policy on physician relocations and recruitment, the System provides income guarantees to certain physicians who agree to relocate to the community to fill a need in the System's service area and commit to remain in practice for a specified term. Under such agreements, the System is required to make payments to the physicians in excess of amounts earned in their respective practices up to the amount of the income guarantee.

Income guarantee periods are generally one to two years. Such payments are recoverable from the physician in the event that their commitment period is not met, which is typically three years. The System also advances monies to physicians under various cash flow support and loan arrangements. These loans are unsecured and are forgiven systematically in accordance with the loan agreements. Should the arrangement between the System and the physician be terminated prior to the end date the System will pursue collection of any outstanding advances.

Goodwill

The excess of cost over the fair value of the identifiable assets acquired in a business combination is reported as goodwill in accordance with accounting principles generally accepted in the United States of America. The System is required to perform an impairment test for goodwill at least annually or more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. The System performs the annual impairment test at the end of each year.

Self-Insurance Programs

The System has self-insurance programs for workers' compensation and employee health insurance. Operations are charged with the cost of claims reported and an estimate of claims incurred but not reported. The estimated liability for unpaid claims, including incurred but not reported losses, is reflected in the balance sheet as an accrued liability. The plan has stop loss coverage that begins at \$175,000 per participant and has an annual maximum reinsurance coverage amount per participant of \$2,000,000 annually.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Property, Plant and Equipment

Additions to property, plant and equipment have been recorded at cost or at fair value if acquired by gift. The carrying value of assets sold, retired, or otherwise disposed of and the related allowances for depreciation are eliminated from the accounts with any gains or losses reported as other expense. The System provides for depreciation and obsolescence of property, plant and equipment by monthly charges to expense. These charges are calculated to depreciate, on the straight-line method, the gross carrying amounts of depreciable assets over the expected useful lives of the various classes of assets.

The range of useful lives used in computing depreciation is:

Land improvements	10-25 years
Buildings and building equipment	5-40 years
Major and minor equipment	5-20 years

Property and equipment not used in operations consists of land and buildings related to rental properties held by MMH.

Charity Care

The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the System does not collect amounts deemed to be charity care, they are not reported as revenue.

Of the System's total reported operating expenses (approximately \$319,881,000 and \$284,729,000 during 2013 and 2012, respectively), an estimated \$8,698,000 and \$9,589,000 arose from providing services to charity patients during 2013 and 2012, respectively. The estimated costs of providing charity 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 System's total expenses divided by gross patient service revenue. The System participates in the Hospital Care Assurance Program (HCAP) which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services to the indigent and uninsured. Net amounts received through this program totaled approximately \$2,258,000 and \$1,345,000 for 2013, and 2012, respectively.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Operating and Nonoperating Activities

The System's primary purpose is to provide diversified health care services to the community. As such, activities related to the ongoing operations of the System are classified as revenue. Revenue includes those generated from direct patient care, related support services and sundry revenues.

Gains and losses not directly related to the ongoing operations of the System or that occur infrequently are reported as nonoperating. Included in nonoperating are investment income, unrestricted contributions, and rental revenue net of depreciation and other expenses related to property and equipment not used in the System's operations.

Excess of Revenues Over Expenses

For purposes of reporting, transactions deemed by management to be directly related to the provision of health care services are reported as excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, dividends paid to non-controlling interests, transfers from affiliates and pension related changes other than net periodic pension cost.

Non-controlling Interest

Non-controlling interest represents the portion of the equity (net assets) that is attributable to investors that are external to and not included in the System's consolidated financial statements.

Reclassifications

Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Obligation to Provide Future Services

MCCRC estimates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance deposit fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from the advance fees, a liability is recorded (obligation to provide future services and the use of facilities) with the corresponding charge to income. Management has determined that no accrual for an obligation to provide future services is required as of September 30, 2013 and 2012.

Prospective Resident and Security Deposits and Deferred Revenue

MCCRC may collect a percentage of the expected entrance fees from prospective residents once an independent living unit is identified for occupancy. These initial deposits are refundable to the prospective residents until their time of occupancy less a \$500 administrative fee, which may be waived subject to provisions in the residency agreement. The remaining percentage of the expected entrance fees is collected at the residents' point of occupancy. MCCRC may also collect deposits from prospective residents, designated as waiting list fees, which place those prospective residents at a priority level. These deposits are applied towards the prospective residents' entrance fees. Finally, MCCRC collects a \$2,500 security deposit on each of its assisted living units.

The residents of MCCRC's independent living units are entitled to a refund of their entrance deposit fees depending upon the initial amount of the deposit and whether the units occupied are for single occupancy (55% or 95%) or double occupancy (50% or 90%). Refunds are subject to a new resident paying the entrance deposit fees and other provisions as provided in the residency agreement. MCCRC amortizes to revenue the refundable entrance deposit fees received over the remaining economic useful life of the building and the nonrefundable entrance deposit fees received over the remaining actuarial life expectancy of the resident. The unamortized entrance deposit fees are classified as deferred revenue in the accompanying financial statements.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, patient accounts receivable, assets whose use is limited, pledge and notes receivables, accounts payable, accrued liabilities, estimated third-party settlements, deferred revenue, refundable advance fees, derivative liabilities, and long-term debt. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, patient accounts receivable, pledge receivables, accounts payable, accrued liabilities and estimated third-party settlements approximate fair value based upon the short term maturity of these instruments. The carrying values reported in the consolidated balance sheets for assets whose use is limited equal fair value as based upon quoted market prices for those or similar investments which are observable. The carrying value reported in the consolidated balance sheets for the interest rate swap is based on current market interest rates compared to the fixed interest rate of the swap. The fair values of the notes receivable, deferred revenue and refundable advance fees have not been determined as the timing of any refund settlement, if any, is not specified. The carrying value reported in the consolidated balance sheet for long-term debt approximates fair value based primarily on the current borrowing rates of the primary debt indentures.

Federal Income Taxes

The System, excluding MSC, is organized as a tax-exempt organization under Section 501(c)(3) of the United States Internal Revenue Code. MSC is organized as a limited liability company, whereby, net taxable income is taxed directly to the members and not MSC.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the System and recognize a tax liability if the System 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 System, and has concluded that as of September 30, 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.

As such, the System is generally exempt from income taxes. However, the System, excluding MSC, is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. The System and MSC have filed their tax returns for periods through 2012. The returns for MSC are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). The System and MSC are subject to routine audits by taxing jurisdictions. However, as of the date the financial statements were issued, there were no audits for any tax periods in progress.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Electronic Health Records (EHR) Incentive Payments

The System receives EHR incentive payments under the Medicare and Medicaid programs. To qualify for these payments, the System must meet “meaningful use” criteria that become more stringent over time. The System 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 (ending on September 30th). The related EHR incentive payments are paid out over a four year transition schedule and are based upon data that is captured in the System’s cost reports. The payment calculation is based upon an initial amount as adjusted for discharges, Medicare utilization using inpatient days multiplied by a factor of total charges excluding charity care to total charges, and a transitional factor that ranges from 100% in first payment year and thereby decreasing by 25% each payment year until it is completely phased out in the fifth year.

The System recognizes EHR incentive payments as grant income when there is reasonable assurance that the System will comply with the conditions of the meaningful use objectives and any other specific grant requirements. In addition, the financial statement effects of the grants must be both recognizable and measurable. During 2013 and 2012, the System recognized approximately \$5,666,000 and \$0, respectively, in EHR incentive payments as grant income using the cliff recognition method. Under the cliff recognition method, the System records income at the end of EHR reporting period in which compliance is achieved. EHR incentive income is included in other operating revenue in the consolidated statement 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 System as prescribed by the program, subject to future audits and may be subject to repayment upon a determination of noncompliance.

Subsequent Events

The System has evaluated events or transactions occurring subsequent to the consolidated balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued, which is January 28, 2014.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

2. PATIENT ACCOUNTS RECEIVABLE AND THIRD PARTY SETTLEMENTS

The details of patient accounts receivable are set forth below:

	2013	2012
Patient accounts receivable	\$ 167,135,489	\$ 160,790,007
Less allowances for:		
Uncollectible accounts	(35,941,547)	(21,628,783)
Contractual adjustments	(64,203,453)	(73,206,371)
Net patient accounts receivable	<u>\$ 66,990,489</u>	<u>\$ 65,954,853</u>

The System provides services without collateral to its patients, most of whom are local residents and insured under third-party payor agreements. The mix of receivables and revenue from patients and third-party payors is as follows:

	2013		2012	
	Accounts Receivable	Revenue	Accounts Receivable	Revenue
Medicare	29%	46%	42%	45%
Medicaid	15%	13%	14%	12%
Commercial	22%	33%	25%	36%
Patient pay	34%	8%	19%	7%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

3. CASH AND INVESTMENTS LIMITED AS TO USE

Assets whose use is limited include assets held by trustees under indenture agreements, donor restricted funds, and designated assets set aside by the Board for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The composition of cash and investments limited as to use carried at fair value is set forth in the following table:

	2013	2012
Board designated assets and donor restricted funds		
Money market	\$ 36,353	\$ -
Cash and cash equivalents	124,908	1,377,478
Mutual funds	31,075,568	11,837,500
Common stock	-	32
Foreign equity	-	2,426,104
Commingled trust real estate fund	1,488,010	1,600,654
US government and corporate bonds	-	10,393,257
Municipal Obligations	-	28,732
Foreign obligations	-	334,698
	<u>\$ 32,724,839</u>	<u>\$ 27,998,455</u>
Held by trustee - under bond indenture agreement		
Money market	\$ 4,378,041	
Cash and cash equivalents	11,437,853	46,211,797
US government and corporate bonds	10,864,071	-
	<u>\$ 26,679,965</u>	<u>\$ 46,211,797</u>

Assets Whose Use is Limited

The following schedules summarize the fair value of securities included in assets whose use is limited by board-designation and held by trustee that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of September 30, 2013 and 2012.

The schedules further segregate the securities that have been in a gross unrealized position as of September 30, 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 stock market and 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 investments in financially strong companies by industry standards with which industry experts expect recover.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized as of September 30, 2013:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US government, corporate bonds and foreign obligations	\$ 10,864,062	\$ 131,502	\$ -	\$ -	\$ 10,864,062	\$ 131,502
Mutual funds, common stock, and foreign equity	3,854,068	1,504,652	-	-	3,854,068	1,504,652
Total	<u>\$ 14,718,130</u>	<u>\$ 1,636,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,718,130</u>	<u>\$ 1,636,154</u>

The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized as of September 30, 2012:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US government, corporate bonds and foreign obligations	\$ 896,216	\$ 12,244	\$ 543,854	\$ 17,500	\$ 1,440,070	\$ 29,744
Mutual funds, common stock, and foreign equity	-	-	1,184,822	27,947	1,184,822	27,947
Total	<u>\$ 896,216</u>	<u>\$ 12,244</u>	<u>\$ 1,728,676</u>	<u>\$ 45,447</u>	<u>\$ 2,624,892</u>	<u>\$ 57,691</u>

Investments of the System consist of mutual funds, common stock, U.S. Government treasury bills, corporate bonds, real estate funds, U.S. Government mortgage-backed securities, foreign equity, municipal and foreign obligations. There is no concentration of investments in any one security or industry sector.

4. 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 System 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.

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

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

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 at September 30, 2013 and 2012.

Money markets: Valued based at the subscription and redemption activity at a \$1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.

Common stock: 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 System 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 and to transact at that price. The mutual funds held by the System are deemed to be actively traded.

Corporate bonds: Valued based on the use of observable inputs for similar types of investments. These investments yield a regular or fixed return in the form of fixed periodic payments and the eventual return of principal at maturity.

Municipal obligations: Valued using pricing models maximizing the use of observable inputs for similar securities.

US government mortgage-backed securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

US treasury bills: Valued using pricing models maximizing the use of observable inputs for similar securities.

Foreign obligations: Valued based on the use of observable inputs for similar types of investments. These investments yield a regular or fixed return in the form of fixed periodic payments and the eventual return of principal at maturity.

Real estate investment trusts (REIT): Valued at the daily closing price as reported by the fund. REIT's held by the System are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The funds held by the System are deemed to be actively traded.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The System's policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. No transfers between levels occurred in 2013 and 2012.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2013 are as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Money markets	\$ -	\$ 4,414,475	\$ -	\$ 4,414,475
Mutual Funds				
Mid-Cap	1,959,438	-	-	1,959,438
Large-Cap	9,534,559	-	-	9,534,559
Small-Cap	1,497,798	-	-	1,497,798
Fixed income	14,786,346	-	-	14,786,346
Foreign	3,297,346	-	-	3,297,346
Real estate investment trusts	1,488,010	-	-	1,488,010
Corporate bonds				
Financial services	-	3,568,157	-	3,568,157
US government mortgage-backed securities	-	7,295,914	-	7,295,914
Total assets at fair value	<u>\$ 32,563,497</u>	<u>\$ 15,278,546</u>	<u>\$ -</u>	<u>\$ 47,842,043</u>

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2012 are as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds				
Mid-Cap	\$ 594,262 00	\$ -	\$ -	\$ 594,262 00
Large-Cap	4,433,408	-	-	4,433,408
Small-Cap	725,095	-	-	725,095
Fixed income	6,084,736	-	-	6,084,736
Foreign	2,426,104	-	-	2,426,104
Real estate investment trusts	1,600,654	-	-	1,600,654
Common Stock	32	-	-	32
US government treasury bills	873,107	-	-	873,107
Corporate bonds				
Financial services	-	2,618,956	-	2,618,956
Utilities	-	442,720	-	442,720
Energy	-	347,464	-	347,464
Consumer-defensive	-	417,399	-	417,399
Technology	-	300,232	-	300,232
Industrial	-	483,839	-	483,839
Other	-	1,336,476	-	1,336,476
US government mortgage-backed securities	-	3,573,063	-	3,573,063
Municipal obligations	-	28,732	-	28,732
Foreign obligations	-	334,698	-	334,698
Total assets at fair value	<u>\$ 16,737,398</u>	<u>\$ 9,883,579</u>	<u>\$ -</u>	<u>\$ 26,620,977</u>

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows:

	2013	2012
Used in operations:		
Land and land improvements	\$ 11,867,905	\$ 11,685,694
Buildings and fixed equipment	176,686,738	171,167,559
Major movable and minor equipment	127,980,963	109,292,923
Construction-in-progress	8,731,543	1,723,431
	<u>325,267,149</u>	<u>293,869,607</u>
Less allowances for depreciation	<u>(166,065,843)</u>	<u>(150,877,646)</u>
	<u><u>\$ 159,201,306</u></u>	<u><u>\$ 142,991,961</u></u>
Assets used for rental purposes:		
Land and buildings	\$ 4,290,209	\$ 4,290,209
Less allowances for depreciation	<u>(2,148,574)</u>	<u>(1,960,885)</u>
	<u><u>\$ 2,141,635</u></u>	<u><u>\$ 2,329,324</u></u>

6. LONG TERM DEBT

Long term obligations consist of the following:

	2013	2012
Southeastern Ohio Port Authority, Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2012, (Memorial Health System Obligated Group Project) maturing in various annual amounts through 2042, interest due semiannually at rates ranging from 3 0% - 6 0%	\$ 142,785,000	\$ 145,675,000
Note payable, Peoples Bank, Marietta Area Health Care Inc , payable with monthly principal payments of \$27,722 plus interest at 5 25% through September 1, 2016	637,610	970,276
Capital leases, payable in monthly installments ranging from \$8,637 to \$26,109 per month, including interest of 2%, secured by equipment leased	<u>4,402,177</u>	<u>-</u>
	147,824,787	146,645,276
Less current maturities	<u>(2,933,131)</u>	<u>(3,222,666)</u>
Long-term obligations	<u><u>\$ 144,891,656</u></u>	<u><u>\$ 143,422,610</u></u>

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

During 2012, MMH, MAHC, the Nursing Home, Selby, MCCRC, MHCPI and the Foundation formed an Obligated Group (the Obligated Group) for the purpose of issuing \$145,675,000 Southeastern Ohio Port Authority Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2012 (Memorial Health System Obligated Group Project) (Series 2012 Bonds). The purpose of the Series 2012 Bonds was to (i) to refund previous outstanding revenue bonds (ii) refinance loans and lines of credit (iii) finance certain improvements to existing hospital facilities including the acquisition, construction, renovation, equipping, and installation of an electronic medical records system, and equipment purchases and remodeling at certain facilities (iv) finance the cost of terminating certain interest rate swap agreements relating to the prior bond issuances, (v) fund a debt service fund for the Series 2012 bonds (vi) pay capitalized interest on a portion of the Series 2012 bonds; and (vii) pay costs associated with the issuing of the Series 2012 bonds. Each member of the Obligated Group is jointly and severally obligated with respect to all of the Series 2012 Bonds.

Substantially all real property and assignment of profits from the Obligated Group have been pledged as collateral against retirement of the Series 2012 Bonds (the Bonds). The net carrying amount of the secured property is approximately \$161,343,000. In addition, the Obligated Group is required to maintain specified balances in special funds held by the trustee and comply with certain financial ratios. Management believes it is in compliance with these covenants.

Bond issuance costs from issues prior to the Series 2012 Bonds were written off in 2012 and totaled approximately \$1.5 million.

Under the terms of the Peoples Bank Note, the Obligated Group is required to maintain specified balances in special funds held by the trustee and comply with certain financial ratios. This is an unsecured bank note.

The System entered into four separate capital lease agreements during fiscal year 2013. These capital lease obligations are payable in monthly installments ranging from \$8,637 to \$26,109 per month, including interest at 2%. The leases are secured by the equipment leased.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

At September 30, 2013, future scheduled minimum payments for the long-term obligations and capital leases by year and in the aggregated consist of the following:

	Bonds and Notes Payable	Leases Payable
2014	\$ 2,222,666	\$ 781,573
2015	2,264,944	944,102
2016	2,145,000	944,102
2017	2,265,000	944,102
2018	2,370,000	888,157
Thereafter	132,155,000	131,788
Total payments	<u>\$ 143,422,610</u>	<u>\$ 4,633,824</u>
Less amounts representing interest		231,647
Total minimum future payments		<u>\$ 4,402,177</u>

Assets held under capital lease obligations are include with property and equipment on the consolidated balance sheet. A summary of these assets and related depreciation on September 30 is as follows:

	2013	2012
Equipment	4,402,177	\$ -
Less: accumulated depreciation	23,525	-
	<u>\$ 4,378,652</u>	<u>\$ -</u>

MMH capitalized interest cost in fiscal years 2013 and 2012 in the amount of \$575,075 and \$353,776, respectively.

7. LINE OF CREDIT

MMH entered into an unsecured revolving line of credit with Peoples Bank in the amount of \$5,000,000, in September, 2012. The line carries an interest rate of 1.0% over the Prime rate (3.25% as of September 30, 2013) and requires monthly interest payments. As of September 30, 2013 and 2012, MMH had outstanding borrowings on the line of \$5,000,000. The line of credit expires in March 2014.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

8. DEFERRED REVENUE FOR ADVANCE FEES

Deferred revenue for advance fees represents the unamortized refundable and nonrefundable portions of entrance deposit fees received from residents of MCCRC and consists of the following at September 30:

	2013	2012
Refundable entrance deposit fees	\$ 6,718,444	\$ 7,041,959
Nonrefundable entrance deposit fees	1,694,327	1,563,502
Accumulated amortization	(3,562,239)	(3,297,046)
Total deferred revenue	<u>\$ 4,850,532</u>	<u>\$ 5,308,415</u>

MCCRC refunded \$1,175,000 and \$623,000 in 2013 and 2012, respectively, in entrance deposits to former residents as determined by their contracts. In the event MCCRC were to discontinue operations, \$6,718,444 would be refundable to residents at September 30, 2013.

9. RETIREMENT PLANS

Pension Plan

MMH has a noncontributory defined benefit plan (the "Plan") for employees who meet certain requirements as to age and length of service. Benefits for retired or terminated employees or their beneficiaries are based on employees' compensation during their period of credited service. MMH's funding policy is to make the minimum annual contribution required by federal regulations. MMH expects to contribute \$2,238,360 to the Plan during 2014. Employees hired after July 1, 2007 are not eligible to participate in the Plan.

Supplemental Executive Retirement Plan

MMH has a noncontributory defined benefit supplemental executive retirement plan ("SERP") for certain officers, management, and other highly compensated employees. Benefits for these retired employees are based on employees' final average compensation, adjusted for pension payable under the MMH defined benefit pension plan, and primary social security benefit. MMH does not expect to make any contributions to the SERP during 2014.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Details regarding the Plan and SERP at September 30, 2013 and 2012 are as follows:

	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 68,462,721	\$ 56,894,355
Service cost	2,501,015	2,159,373
Interest cost	2,876,820	2,808,764
Actuarial losses	(6,977,986)	8,338,115
Benefits paid	(2,017,362)	(1,737,886)
Benefit obligation at end of year	<u>\$ 64,845,208</u>	<u>\$ 68,462,721</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 35,376,936	\$ 30,669,846
Actual return on plan assets	3,564,507	4,236,918
Contributions	1,474,314	2,208,058
Benefits paid	(2,017,362)	(1,737,886)
Fair value of plan assets at end of year	<u>\$ 38,398,395</u>	<u>\$ 35,376,936</u>
Funded Status	<u>\$ (26,446,813)</u>	<u>\$ (33,085,785)</u>
Amounts recognized in the consolidated balance sheets consist of		
Noncurrent liabilities	<u>\$ (26,446,813)</u>	<u>\$ (33,085,785)</u>
Related changes in unrestricted net assets		
Net loss	\$ 21,297,718	\$ 30,972,891
Prior service cost	57,340	83,067
Total	<u>\$ 21,355,058</u>	<u>\$ 31,055,958</u>
Accumulated Benefit Obligation	<u>\$ 54,346,328</u>	<u>\$ 56,402,519</u>
Other Pension Related Changes Other than Net Periodic Pension Cost		
Net loss	\$ (7,598,652)	\$ 6,938,731
Amortization of net loss	(2,076,521)	(1,356,191)
Amortization of prior service cost	(25,727)	(25,726)
Total recognized in other pension changes other than net periodic pension cost	<u>\$ (9,700,900)</u>	<u>\$ 5,556,814</u>
Components of Net Periodic Benefit Cost		
Service cost	\$ 2,501,015	\$ 2,159,373
Interest cost	2,876,820	2,808,764
Expected return on plan assets	(2,943,841)	(2,837,529)
Amortization of prior service cost	25,727	25,726
Recognized net actuarial (gain) or loss	2,076,521	1,356,191
Net periodic benefit cost	<u>\$ 4,536,242</u>	<u>\$ 3,512,525</u>
	2013	
Estimated amounts that will be amortized from other changes in unrestricted net assets over the next fiscal year		
Amortization of prior service cost (credit)	\$ 1,358,162	
Amortization of net loss	\$ 19,112	

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Weighted-average assumptions at the measurement date of September 30, 2013 and 2012 used to determine benefit obligations at September 30		
Discount rate	5.00%	4.25%
Rate of compensation increase	3.25%	3.25%
Weighted-average assumptions used to determine expense (income):		
Discount rate	4.25%	5.00%
Expected long term return on plan assets	8.00%	8.00%
Rate of compensation increase	3.25%	3.25%
The Plan's weighted average asset allocation by asset category are as follows:		
Equity securities	63.00%	56.00%
Debt securities	36.00%	43.00%
Other	1.00%	1.00%

MMH's investment policy is to invest assets per the target allocations stated above. The assets will be reallocated periodically to meet the above target allocations. The investment policy will be reviewed periodically, under the advisement of a certified investment advisor, to determine if the policy should be changed.

The overall investment return goal is to achieve a return greater than a blended mix of stated indices tailored to the same assets mix of the Plan assets over a full market cycle (three to five years).

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed more than 10% of the total Plan assets, and no more than 25% of total Plan assets should be invested in any one industry (other than securities of U.S. Government of Agencies). Additionally, no more than 10% of the Plan assets shall be invested in foreign securities.

The expected long-term rate of return for the Plan's total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

Plan Assets

The fair values of the System's pension plan assets as of September 30, 2013 were:

	Level 1	Level 2	Total
Assets:			
Cash and cash equivalents	\$ 25,220	\$ -	\$ 25,220
Money market funds	175,940	-	175,940
Corporate Bonds	-	3,184,836	3,184,836
Mutual funds:			
Fixed income mutual funds	8,225,064	-	8,225,064
Large-cap mutual funds	12,087,640	-	12,087,640
Mid-cap mutual funds	1,939,302	-	1,939,302
Small-cap mutual funds	1,882,088	-	1,882,088
International mutual funds	10,878,305	-	10,878,305
Total assets at fair value	<u>\$ 35,213,559</u>	<u>\$ 3,184,836</u>	<u>\$ 38,398,395</u>

The fair values of the System's pension plan assets as of September 30, 2012 were:

	Level 1	Level 2	Total
Assets:			
Cash and cash equivalents	\$ 204,195	\$ -	\$ 204,195
Money market funds	147,323	-	147,323
Corporate Bonds	-	3,215,141	3,215,141
International Bonds	-	594,971	594,971
US Government & Agency Issues	-	2,361,101	2,361,101
Common Stock	1,579,321	-	1,579,321
Mutual funds:			
Fixed income mutual funds	8,877,419	-	8,877,419
Large-cap mutual funds	8,824,789	-	8,824,789
Mid-cap mutual funds	4,743,571	-	4,743,571
Small-cap mutual funds	1,245,635	-	1,245,635
International mutual funds	3,583,470	-	3,583,470
Total assets at fair value	<u>\$ 29,205,723</u>	<u>\$ 6,171,213</u>	<u>\$ 35,376,936</u>

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The benefits expected to be paid over the next ten years, as estimated based on the same assumptions used to measure MMH's benefit obligations at the end of the year, are as follows:

Years Ended September 30	Estimated Pension Benefits
2014	\$ 1,813,237
2015	1,956,792
2016	2,071,913
2017	2,190,457
2018	2,373,607
2019-2022	16,720,297

Defined Contribution Plan

MMH and Selby employees were eligible to participate in Memorial Health System Hospitals Defined Contribution Plan (the "DC Plan") as of January 1, 2009. Eligible employees must complete one year of service and have attained age 21 and not be eligible for MMH's Defined Benefit Retirement Plans. MMH and Selby contribute 2% of compensation for those eligible with up to 4 years of service. Participants with 5 to 14 years of service at the end of the previous plan year, shall have a contribution of 3% of compensation and those with 15 or more years of service at the end of the previous plan year, MMH and Selby shall contribute 4% of compensation. The amount of MMH's and Selby's contribution to the Plan for the year ended September 30, 2013 and 2012 was approximately \$699,000 and \$541,000, respectively.

403(b) Pension Plans and Tax Deferred Annuity Plan

MMH and Selby employees also have the option to contribute to 403(b) Pension Plan or a Tax Deferred Annuity plan. Certain age, length of service and hours-worked requirements must be met to be eligible for participation. Total employer contributions to these plans during 2013 and 2012 amounted to approximately \$776,000 and \$664,000 respectively.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

10. NET PATIENT SERVICE REVENUE

Net patient service revenue is comprised of the following:

	2013	2012
Charges at established rates	\$ 839,130,245	\$ 730,155,768
Deductions:		
Medicare contractual adjustments	222,741,941	177,745,293
Medicaid contractual adjustments	70,871,137	63,017,504
Other contractual adjustments	170,816,272	150,283,757
Charity care	22,786,668	25,699,319
Provision for bad debts	37,403,838	28,854,159
Total deductions	524,619,856	445,600,032
Net patient service revenue	<u>\$ 314,510,389</u>	<u>\$ 284,555,736</u>

11. ACCOUNTING FOR NON-CONTROLLING INTEREST

The breakout of the change in unrestricted net assets is shown in two components, displaying both the portion attributable to both the controlling interest and non-controlling interest in the table below:

	Controlling Interest	Non-Controlling Interest	Total
Beginning balance as of October 1, 2011	\$ 99,465,517	\$ 166,252	\$ 99,631,769
Excess of revenues over expenses	3,469,169	1,113,375	4,582,544
Net change in unrealized gains on investments	1,590,931	-	1,590,931
Pension related changes other than net periodic pension cost	(5,556,814)	-	(5,556,814)
Other	-	(760,983)	(760,983)
Change in unrestricted net assets	(496,714)	352,392	(144,322)
Ending balance as of September 30, 2012	\$ 98,968,803	\$ 518,644	\$ 99,487,447
Excess of revenues over expenses	3,205,380	1,282,052	4,487,432
Net change in unrealized gains on investments	302,618	-	302,618
Pension related changes other than net periodic pension cost	9,700,900	-	9,700,900
Other	(604,673)	(1,433,250)	(2,037,923)
Change in unrestricted net assets	12,604,225	(151,198)	12,453,027
Ending balance as of September 30, 2012	<u>\$ 111,573,028</u>	<u>\$ 367,446</u>	<u>\$ 111,940,474</u>

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

12. PROFESSIONAL LIABILITY INSURANCE

Based on the nature of its operations, the System is at times subject to pending or threatened legal actions which arise in the normal course of activities. The System is insured against medical professional liability claims under an occurrence-based policy. The policy covers claims resulting from incidents that occur during the policy term, regardless of when the claims are reported to the insurance carrier. The System's management believes asserted and unasserted claims and assessments will not result in losses which would exceed the limits of insurance coverage under an umbrella policy of \$10,000,000, with an annual aggregate per claim limit of \$3,000,000, subject to a self-insured retention of \$75,000 per claim and \$225,000 in the aggregate.

13. COMMITMENTS AND CONTINGENCIES

Information Technology Agreements

During the year ended September 30, 2009, the System entered into an information technology services agreement with CareTech Solutions, Inc. effective through June 2014 with the option to renew for up to two additional three year terms. The base service fee charged to the System for 2013 and 2012 was \$3,030,000 and \$2,383,000, respectively. Under the terms of the agreement, the base service fee will be adjusted annually based on the consumer price index. Payments under the agreement are to be made on a monthly basis.

Operating Lease Commitments

The System leases various office space and equipment under operating leases expiring at various dates through 2026. Total rental expense for the years ended September 30, 2013 and 2012 was \$6,282,300 and \$5,689,514, respectively.

The total rental commitment on non-cancelable operating and other leases for future years is as follows for the years ending September 30:

2014	\$	2,511,408
2015		2,140,894
2016		2,005,347
2017		1,960,830
2018		1,975,431
Thereafter		17,246,140
	\$	<u>27,840,050</u>

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

14. FUNCTIONAL EXPENSES

The System provides general health care services to residents within its geographic service area. Estimated expenses related to providing these services for the year ended September 30, 2013 and 2012, are as follows:

	2013	2012
Program services	\$ 259,021,250	\$ 229,824,069
Fundraising	74,206	65,841
General and administrative	60,785,680	54,839,054
Total	<u>\$ 319,881,136</u>	<u>\$ 284,728,964</u>

15. BUSINESS COMBINATIONS

On March 1, 2012, MMH entered into a purchase agreement of approximately \$1.7 million, for certain assets and liabilities of a medical practice owned and operated by Marietta Gynecological Associates, Inc. The following assets and liabilities were recorded:

Accounts receivable	\$ 600,000
Fixed assets	570,000
Goodwill	560,000
Cash paid	(1,658,000)
Liabilities assumed	(72,000)

Payments made as of September 30, 2013 approximated \$1,658,000. Based upon a valuation of assets and liabilities assumed, goodwill in the amount of \$560,000 was recognized in the acquisition and is attributable to the practice name. Prior period pro forma disclosures are not practicable based upon changes in the physician compensation structure of the prior entity.

16. RESTATEMENT

During 2013, management discovered certain errors resulting in the misstatement of net asset classifications. All permanently restricted net assets were determined to be board-designated, unrestricted net assets. Accordingly, the 2012 statement of financial position has been restated to correct the error by reclassifying \$1,020,208 in permanently restricted net assets to unrestricted net assets. The 2012 statement of activities has been restated to reflect additional unrestricted gains of \$16,131 and contributions of \$1,895.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2013 AND 2012

The following statement of financial position and statement of activities line items for the year ended September 30, 2012 were affected by the correction and the resulting reclassifications.

	As previously reported prior to restatement	As reported after restatement	Effect of change
Statement of Financial Position			
Net assets - unrestricted controlling interest	\$ 97,948,595	\$ 98,968,803	\$ 1,020,208
Net assets - permanently restricted	\$ 1,020,208	\$ -	\$ (1,020,208)
Statement of Activities			
Revenues and gains			
Investment income	\$ 3,738,750	\$ 3,754,881	\$ 16,131
Unrestricted contributions	\$ 1,384,665	\$ 1,386,560	\$ 1,895
Permanently restricted net assets			
Contributions and other	\$ 18,026	\$ -	\$ (18,026)

The restatement did not have significant impact on the statement of cash flows.

17. RECENT PRONOUNCEMENTS

Accounting Standards Update No. 2012-01, *Health Care Entities (Topic 954) – Continuing Care Retirement Communities – Refundable Advance Fees*, clarifies the accounting treatment related to refundable advance fees. Current accounting guidance indicates the portion of the entrance fee a continuing care retirement community (CCRC) will refund upon reoccupancy should be treated as deferred revenue, assuming policy and practice supports withholding the refund under this condition. Under the new guidance, if a CCRC does not have specific language in the resident contract that limits the refund to the proceeds from reoccupancy of the specific unit, it will no longer be able to amortize refundable entrance fees to income. This change will result in a cumulative effect adjustment due to a change in accounting principle on the financial statements. CCRCs will have to increase the liability on the balance sheet to the full refundable amount under the contract, with a corresponding reduction to unrestricted net assets.

Management has not currently determined the effects of implementation of this statement.

SUPPLEMENTARY INFORMATION



Blue Cross of Ohio
100 North High Street, Suite 1000
Columbus, Ohio 43260-1000
614.464.1000

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Marietta Area Health Care, Inc.
Marietta, Ohio

We have audited the consolidated financial statements of Marietta Area Health Care, Inc. and Subsidiaries as of and for the years ended September 30, 2013 and 2012, and have issued our report thereon dated January 28, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The consolidating information on pages 37 through 41 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar relates to Memorial Health Foundation as of and for the year ended September 30, 2012, is based on the report of other auditors, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink, appearing to read "Ben G. Lee".

January 28, 2014
Columbus, OH

14,008,207.00 +
557,256.00 +

14,565,463.00 *
notes receivable

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Marietta Memorial Hospital	Marietta Memorial Health Foundation	Marietta Area Health, Inc.	Marietta Area Health Care, Inc.	Selby General Hospital	Marietta Continuing Care Retirement Community, Inc.	Eliminations	Combined Obligated Group	Marietta Surgery Center, Ltd.	Eliminations	2013 Consolidated	2012 Consolidated
Assets												
Current assets												
Cash and cash equivalents	\$ 35,289,588 ✓	64,354 \$	795,167 \$	\$ -	\$ -	✓ \$ 1,225	\$ -	\$ 36,150,334	\$ 398,894	\$ -	\$ 36,549,228	\$ 28,252,344
Patient accounts receivable, net	60,232,695 ✓	-	1,035,184	-	-	5,255,682 ✓	174,883	66,698,444	292,045	-	66,990,489	65,954,853
Other receivables	-	22,871	-	-	-	-	-	22,871	2,688	-	25,559	1,404,772
Estimated third-party settlements	4,274,492	-	18,651	-	-	(172,358)	-	4,120,787	-	-	4,120,787	2,213,459
Inventories	3,825,368 ✓	-	20,347	-	-	200,926 ✓	-	4,046,641	101,513	-	4,148,154	2,955,564
Prepaid expenses and other assets	5,788,264 ✓	-	-	-	-	-	(241,000)	5,566,023	54,107	-	5,620,130	2,412,699
Due from related organizations	19,717,594	4,596	-	-	-	-	(19,722,190)	-	-	-	-	-
Total current assets	129,128,001	91,821	1,869,349	-	-	5,285,477	193,642	116,605,100	849,247	-	117,454,347	103,193,691
Cash and investments limited as to use												
Board designed assets and donor restricted funds	10,939,961	19,900,452	1,053,208	-	-	-	831,218	32,724,839	-	-	32,724,839	27,998,455
Held by trustee - under bond indenture agreements	26,679,965	-	-	-	-	-	-	26,679,965	-	-	26,679,965	46,211,797
	37,619,926 ✓	19,900,452	1,053,208	-	-	-	831,218	59,404,804	-	-	59,404,804	74,210,252
Notes receivable, net	557,256 (A)	-	-	-	-	-	-	557,256	-	-	557,256	621,357
Property, plant and equipment, net												
Used in operations	132,745,091	-	5,806,370	-	-	10,796,144	9,631,184	159,978,789	222,517	-	159,201,306	142,991,961
Assets used for rental purposes	2,141,635	-	-	-	-	-	-	2,141,635	-	-	2,141,635	2,329,324
	134,886,726	-	5,806,370	-	-	10,796,144	9,631,184	161,120,424	222,517	-	161,342,941	145,321,285
Interest in net assets of Marietta Memorial Health Foundation	1,209,665 ✓	-	-	-	-	-	(1,209,665)	-	-	-	-	-
Other assets												
Due from related organizations	14,008,207 (A)	-	-	-	-	-	(14,008,207)	-	-	-	-	-
Unamortized bond issue costs	2,936,185 ✓	-	-	-	-	-	-	2,936,185	-	-	2,936,185	2,995,609
Goodwill	4,591,643 ✓	-	91,571	-	-	-	-	4,683,214	-	-	4,683,214	4,683,214
Other	1,096,361	-	299,829	-	-	154,202 ✓	-	1,550,392	-	-	1,550,392	1,417,719
Total assets	\$ 326,033,970	\$ 19,992,273	\$ 9,120,327	\$ -	\$ -	\$ 16,235,823	\$ 10,656,044	\$ 346,857,375	\$ 1,071,764	\$ -	\$ 347,929,139	\$ 332,443,127

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

①	332,666.00 +
	304,944.00 +

	637,610.00 *
	DEBT

	Manetta Memorial Hospital	Manetta Memorial Health Foundation	Manetta Area Health, Inc.	Manetta Area Health Care, Inc.	Selby General Hospital	Manetta Continuing Care Retirement Community, Inc.	Eliminations	Combined Obligated Group	Manetta Surgery Center, Ltd	Eliminations	2013 Consolidated	2012 Consolidated
Liabilities and net assets												
Current Liabilities												
Due to related organizations	\$ -	\$ -	\$ -	\$ -	\$ 18,913,761 ✓	\$ 468,515	\$ (19,722,190)	\$ -	\$ -	\$ -	\$ -	\$ -
Line of credit	5,000,000	-	-	339,914	-	-	-	5,000,000	-	-	5,000,000	5,000,000
Accounts payable and accrued expenses	24,746,983	-	-	148,138	115,025	182,319	-	25,192,465	250,301	-	25,442,766	24,749,568
Accrued salaries, wages & related liabilities	20,622,858	-	-	289,453	1,258,393	137,341	-	22,170,704	71,573	-	22,242,277	14,499,616
Accrued interest payable	2,719,944	-	-	-	-	-	-	2,719,944	-	-	2,719,944	1,184,664
Other obligations	-	499	-	-	-	1,382	-	1,881	-	-	1,881	1,080,230
Estimated third party settlements	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	2,600,465	-	-	-	332,666 ①	-	-	2,933,131	-	-	2,933,131	3,222,666
Deferred revenue, current	-	-	-	-	-	193,418	-	193,418	-	-	193,418	190,709
Total current liabilities	55,690,250	499	777,505	-	20,619,845	845,634	(19,722,190)	58,211,543	321,874	-	58,533,417	49,927,453
Due to related organizations	-	-	4,124,085	-	3,852,316 ✓	6,031,806	(14,008,207)	-	-	-	-	-
Accrued pension cost	26,446,813	-	-	-	-	-	-	26,446,813	-	-	26,446,813	33,085,785
Long-term debt, less current portion	144,586,712	-	-	-	304,944 ①	-	-	144,891,556	-	-	144,891,556	143,422,610
Deferred revenue	-	-	-	-	-	4,888,114	(241,000)	4,657,114	-	-	4,657,114	5,117,706
Total liabilities	226,723,775	499	4,901,590	-	24,777,105	11,775,554	(33,971,397)	234,207,126	321,874	-	234,529,000	231,553,554
Net assets												
Unrestricted												
Controlling interest	97,850,530	18,782,109	4,218,737	-	(8,541,282)	(1,119,510)	-	111,190,584	382,444	-	111,573,028	98,968,803
Non-controlling interest	-	-	-	-	-	-	-	-	367,446	-	367,446	518,644
Total unrestricted	97,850,530	18,782,109	4,218,737	-	(8,541,282)	(1,119,510)	-	111,190,584	749,890	-	111,940,474	99,487,447
Temporarily restricted	1,459,665	1,209,665	-	-	-	-	(1,209,665)	1,459,665	-	-	1,459,665	1,402,126
Total net assets	99,310,195	19,991,774	4,218,737	-	(8,541,282)	(1,119,510)	(1,209,665)	112,650,249	749,890	-	113,400,139	100,889,573
Total liabilities and net assets	\$ 326,033,970	\$ 19,992,273	\$ 9,120,327	\$ -	\$ 16,235,823	\$ 10,656,044	\$ (35,181,062)	\$ 346,857,375	\$ 1,071,764	\$ -	\$ 347,929,139	\$ 332,443,127

35,159.00 +
30,093,633.00 +

30,128,792.00 *
REVENUE

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEAR ENDED SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Manetta Memorial		Manetta Area Health, Inc.		Manetta Health Care, Inc.	Manetta Continuing Care Retirement Community, Inc.		Eliminations	Combined Obligated Group	Manetta Surgery Center, Ltd	Eliminations	2013 Consolidated	2012 Consolidated
	Manetta Memorial Hospital	Health Foundation	Manetta Area Health, Inc.	Manetta Area Health Care, Inc.	Sely General Hospital	Manetta Continuing Care Retirement Community, Inc.	Eliminations						
Operating revenue													
Net patient service revenue	\$ 303,399,968	\$ -	\$ 7,685,367	\$ -	\$ 32,351,124	\$ 4,054,648	\$ -	\$ -	\$ 347,491,107	\$ 4,423,120	\$ -	\$ 351,914,227	\$ 313,409,895
Less provision for bad debts	(33,207,442)	-	(20,560)	-	(4,175,836)	-	-	-	(37,403,838)	-	-	(37,403,838)	(28,854,159)
Net patient service revenue less provision for bad debts	270,192,526	-	7,664,807	-	28,175,288	4,054,648	-	-	310,087,269	4,423,120	-	314,510,389	284,555,736
Other operating revenue	6,674,004	-	-	-	1,918,345	63,127	-	-	8,655,476	-	(887,077)	7,768,399	2,900,151
Total operating revenue	276,866,530	-	7,664,807	-	30,093,633	4,117,775	-	-	318,742,745	4,423,120	(887,077)	322,278,768	287,455,887
Operating expenses													
Salaries and wages	122,813,530	99,228	3,010,883	-	10,977,654	1,422,152	-	-	138,323,447	601,193	-	138,924,640	123,734,929
Employee benefits	33,651,989	8,209	1,212,886	-	3,743,293	266,081	-	-	38,882,358	168,194	-	39,050,552	37,822,594
Supplies	48,362,340	-	995,724	-	7,166,362	350,246	-	-	57,094,672	484,851	-	57,579,523	54,292,874
Purchased services	32,968,555	-	1,122,271	-	3,069,920	296,643	-	-	37,457,389	195,005	-	37,652,394	29,852,952
Medical professional fees	3,171,260	-	-	-	354,094	-	-	-	3,525,354	-	-	3,525,354	4,219,430
Rent	5,397,951	-	-	-	663,365	-	-	-	6,061,316	176,545	-	6,237,861	5,689,514
Insurance	2,666,372	-	99,911	-	260,694	-	-	-	3,026,977	-	-	3,026,977	2,658,706
Utilities	3,475,734	-	145,785	-	352,240	211,486	-	-	4,185,245	-	-	4,185,245	3,895,836
Interest and amortization	7,450,586	-	195,699	-	308,955	445,892	-	-	8,401,132	296	-	8,401,428	4,300,499
Depreciation	12,514,024	-	226,804	-	1,358,927	671,521	-	-	14,771,276	75,012	-	14,846,288	10,720,921
Other	5,204,644	136,367	359,701	-	307,484	340,132	(3,374)	(3,374)	6,344,954	105,920	-	6,450,874	7,540,709
Total operating expenses	277,876,885	243,804	7,369,664	-	28,582,988	4,004,153	(3,374)	(3,374)	318,074,120	1,807,016	-	319,881,136	284,728,964
Operating income (loss)	(1,010,355)	(243,804)	295,143	-	1,510,645	113,622	3,374	3,374	668,625	2,616,104	(887,077)	2,397,652	2,726,923
Non-operating gains (losses)													
Investment income	221,697	1,856,415	113,541	-	(113)	8,356	-	-	2,199,896	329	-	2,200,225	3,754,881
Unrestricted contributions	3,374	365,998	-	-	-	-	-	-	369,372	-	-	369,372	1,386,560
Change in fair value of interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-	(141,093)
Other	(511,715)	-	-	-	35,272	-	(3,374)	(3,374)	(479,817)	-	-	(479,817)	(3,144,727)
Total nonoperating gains	(286,644)	2,222,413	113,541	-	35,159	8,356	(3,374)	(3,374)	2,089,451	329	-	2,089,780	1,855,621
Excess of revenues over (under) expenses	\$ (1,296,999)	\$ 1,978,609	\$ 408,684	\$ -	\$ 1,545,804	\$ 121,978	\$ -	\$ -	\$ 2,758,076	\$ 2,616,433	\$ (887,077)	\$ 4,487,432	\$ 4,582,544

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See Report of Independent Auditors on Supplementary Information on page 36.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEAR ENDED SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Marett Memorial Hospital		Marett Memorial Health Foundation		Marett Area Health, Inc		Marett Area Health Care, Inc	Selby General Hospital	Marett Continuing Care Retirement Community, Inc		Eliminations	Combined Obligated Group	Marett Surgery Center, Ltd	Eliminations	2013 Consolidated	2012 Consolidated
Unrestricted net assets																
Excess of revenues over (under) expenses	\$ (1,296,999)	\$	1,978,609	408,684	\$	121,978	\$	1,545,804	\$	2,758,076	\$	2,758,076	\$	(887,077)	\$	4,582,544
Net change in unrealized gains on investments	265,733	-	-	19,770	-	17,115	-	-	-	302,618	-	302,618	-	-	302,618	1,590,931
Pension related changes other than net periodic pension cost	9,700,900	-	-	-	-	-	-	-	-	9,700,900	-	9,700,900	-	-	9,700,900	(5,556,814)
Transfers from (to) related organizations	4,693,692	-	-	886,938	-	-	-	(5,580,630)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	(2,925,000)	887,077	(2,037,923)	(760,963)
Change in unrestricted net assets	13,363,326	1,978,609	1,315,392	1,315,392	-	139,093	-	(4,034,826)	-	12,761,594	-	12,761,594	(308,567)	-	12,453,027	(144,322)
Less change in unrestricted net assets attributable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(151,198)	(151,198)	352,392
Change in unrestricted net assets attributable to controlling interest	13,363,326	1,978,609	1,315,392	1,315,392	-	139,093	-	(4,034,826)	-	12,761,594	-	12,761,594	(308,567)	151,198	12,504,225	(496,714)
Temporarily restricted net assets																
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,250,000
Change in interest in net assets of Marett Memorial Health Foundation	57,539	-	-	-	-	-	-	-	-	-	(57,539)	-	-	-	-	-
Investment income and unrealized losses on investments	-	57,539	57,539	-	-	-	-	-	-	57,539	-	57,539	-	-	57,539	86,222
Change in temporarily restricted net assets	57,539	57,539	57,539	-	-	-	-	-	-	(57,539)	-	57,539	-	-	57,539	1,336,222
Change in net assets	13,420,865	2,036,148	1,315,392	1,315,392	-	139,093	-	(4,034,826)	-	12,819,133	-	12,819,133	(308,567)	-	12,510,566	1,191,900
Net assets, beginning of year	85,889,330	17,955,626	2,903,345	2,903,345	-	(1,258,603)	-	(4,506,456)	-	99,831,116	-	99,831,116	1,058,457	-	100,889,573	99,697,673
Net assets, end of year	\$ 99,310,195	\$ 19,991,774	4,218,737	4,218,737	\$	(1,119,510)	\$	(8,541,282)	\$	112,650,249	\$	112,650,249	\$	749,890	\$ 113,400,139	\$ 100,889,573

See Report of Independent Auditors on Supplementary Information on page 36.

MARIETTA AREA HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Marietta Memorial Hospital	Marietta Memorial Health Foundation	Marietta Health Inc.	Marietta Area Health Care Inc.	Solby General Hospital	Marietta Continuing Care Retirement Community Inc.	Eliminations	Combined Obligated Group	Manetta Surgery Center Ltd	Eliminations	2013 Consolidated	2012 Consolidated
Operating activities												
Change in net assets	\$ 13,420,885	\$ 2,036,148	\$ 1,315,392	\$ -	\$ (4,034,826)	\$ 139,093	\$ (57,539)	\$ 12,819,133	\$ (308,567)	\$ -	\$ 12,510,566	\$ 1,191,900
Adjustments to reconcile change in net assets to net cash from operating activities												
Bad debts	33,207,442	-	20,560	-	4,175,836	-	-	37,403,838	-	-	37,403,838	28,854,159
Depreciation - assets used for operations	12,514,024	-	226,804	-	1,358,927	671,521	-	14,771,276	75,012	-	14,846,288	10,720,921
Depreciation - assets used for rental purposes	759,305	-	-	-	-	-	-	759,305	-	-	759,305	773,203
Loss on disposal of property, plant and equipment	38,147	-	-	-	-	-	-	38,147	-	-	38,147	131,820
Proceeds from restricted contributions and investment income	-	(57,539)	-	-	-	-	-	(57,539)	-	-	(57,539)	(250,000)
Net change in unrealized gains on investments	(265,733)	-	(19,770)	-	-	(17,115)	-	(302,618)	-	-	(302,618)	(1,590,931)
Other changes in unrestricted net assets	-	-	-	-	-	-	-	-	2,925,000	(1,491,750)	1,433,250	760,983
Realized (gains)/losses on investments	(221,697)	(1,856,415)	(113,541)	-	113	(8,356)	-	(2,199,896)	(329)	-	(2,200,225)	(3,842,603)
Write-off of bond cost associated with refinancing	-	-	-	-	-	-	-	-	-	-	-	1,490,515
Pension related changes other than net periodic pension cost	(9,700,900)	-	-	-	-	-	-	(9,700,900)	-	-	(9,700,900)	5,556,814
Change in fair value of interest rate swap	-	-	-	-	-	-	-	-	-	-	-	141,093
Changes in operating assets and liabilities												
Accounts receivable	(35,901,778)	-	(109,123)	-	(2,704,870)	82,860	-	(38,632,911)	193,437	-	(38,439,474)	(62,221,933)
Inventories	(1,164,238)	-	(1,215)	-	(27,137)	(666)	-	(1,192,590)	-	-	(1,192,590)	(945,419)
Prepaid expenses and other current assets	(3,211,590)	1,381,901	-	-	-	-	-	(1,830,357)	2,139	-	(1,828,218)	(1,680,586)
Other assets	(144,562)	-	9,804	-	61,509	-	-	(73,249)	-	-	(73,249)	(165,662)
Accounts payable and accrued expenses	755,004	(3,850)	-	-	(128,312)	(14,576)	-	484,506	208,692	-	693,198	1,615,190
Accrued salaries, wages and related liabilities	7,563,598	-	(6,795)	-	(208,018)	-	-	7,764,821	(22,160)	-	7,742,661	1,452,708
Accrued interest payable	1,535,280	-	-	-	-	-	-	1,535,280	-	-	1,535,280	869,969
Estimated third-party settlements	(3,306,064)	-	(1,600)	-	1,400,336	-	-	(1,907,328)	-	-	(1,907,328)	(1,553,634)
Payment of swap agreements	-	-	-	-	-	-	-	-	-	-	-	(5,643,000)
Pension liability	3,061,928	-	-	-	-	-	-	3,061,928	-	-	3,061,928	-
Due to related entities	(32,174)	(3,174)	(317,917)	-	(24,255,26)	(317,091)	-	(3,092,708)	-	3,092,708	-	-
Due from related entities	3,097,304	(4,596)	-	-	-	(457,883)	-	3,092,706	-	(3,092,706)	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from operating activities	22,037,335	1,483,475	877,839	-	(2,115,932)	77,785	(57,539)	22,282,963	3,073,224	(1,491,750)	23,864,437	(97,613)
Cash flows from investing activities												
Purchase of property, plant and equipment	(24,378,155)	-	(351,074)	-	(1,605,795)	(183,611)	-	(27,208,635)	(54,584)	-	(27,263,219)	(26,948,796)
Proceeds on sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	460,458
Changes in notes receivable	53,301	-	-	-	10,800	-	-	64,101	-	-	64,101	100,054
Changes in interest in Foundation	(57,539)	-	-	-	-	-	57,539	-	-	-	-	-
Goodwill	(4,950)	-	4,950	-	-	-	-	-	-	-	-	(593,398)
Change in assets whose use is limited	19,704,691	(2,387,926)	1,127	-	(113)	(9,817)	-	17,307,962	329	-	17,308,291	(2,517,615)
Net cash from investing activities	(4,882,652)	(2,387,926)	(944,997)	-	(1,685,108)	(193,426)	57,539	(9,836,572)	(54,255)	-	(9,890,827)	(49,459,297)
Cash flows from financing activities												
Proceeds from restricted contributions and investment income	-	57,539	-	-	-	-	-	57,539	-	-	57,539	250,000
Dividends paid	-	-	-	-	-	-	-	-	(2,925,000)	1,491,750	(1,433,250)	(760,983)
Change in other obligations	(1,079,055)	499	-	-	-	1,382	-	(1,077,174)	(1,175)	-	(1,078,349)	(569,770)
Proceeds from line of credit, net	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Equity transfers	(3,929,882)	-	-	-	3,929,882	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	(2,788,455)
Proceeds from long term borrowings	(2,800,000)	-	-	-	(332,666)	-	-	(3,222,666)	-	-	(3,222,666)	146,672,998
Principal payments on long-term obligations	(7,893,937)	58,038	-	-	3,597,216	1,382	-	(4,242,301)	(2,926,175)	1,491,750	(5,676,726)	(72,637,355)
Net cash from financing activities	9,455,746	(866,413)	(67,158)	-	(203,824)	(114,261)	-	8,204,090	92,794	-	(3,226,666)	71,166,435
Net change in cash and cash equivalents	25,833,842	930,767	862,325	-	205,049	114,261	-	27,946,244	306,100	-	28,252,344	29,526,624
Cash and cash equivalents, beginning of year	\$ 35,289,588	\$ 64,354	\$ 795,167	\$ -	\$ 1,225	\$ -	\$ -	\$ 36,150,334	\$ 398,894	\$ -	\$ 36,549,228	\$ 28,252,344
Cash and cash equivalents, end of year	\$ 61,123,430	\$ 700,118	\$ 1,597,322	\$ -	\$ 1,225	\$ 114,261	\$ -	\$ 64,096,578	\$ 705,088	\$ -	\$ 64,801,572	\$ 57,778,968
Supplemental disclosure of cash flow information												
Cash paid for interest	\$ 5,915,306	\$ -	\$ 195,699	\$ -	\$ 308,955	\$ 445,892	\$ -	\$ 6,866,852	\$ 296	\$ -	\$ 6,866,148	\$ 4,010,188
Equipment acquired under capital leases	\$ 4,402,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,402,177	\$ -	\$ -	\$ 4,402,177	\$ -

See Report of Independent Auditors on Supplementary Information on page 36.