




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



Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ADENA HEALTH SYSTEM		D Employer identification number 31-4379443		
	Doing Business As ADENA REGIONAL MEDICAL CENTER				
	Number and street (or P O box if mail is not delivered to street address) Room/suite 272 HOSPITAL RD		E Telephone number (740) 779-4478		
	City or town, state or province, country, and ZIP or foreign postal code CHILLICOTHE, OH 45601		G Gross receipts \$ 421,025,444		
	F Name and address of principal officer MARK SHUTER 272 HOSPITAL RD CHILLICOTHE,OH 45601		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number <input type="checkbox"/>		
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					
J Website: <input type="checkbox"/> WWW ADENA ORG					

K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/>	L Year of formation 1895	M State of legal domicile OH
---	---------------------------------	-------------------------------------

Part I

Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities "TO HEAL, TO EDUCATE, TO CARE " THE REPORTING ORGANIZATION IS A REGIONAL HEALTHCARE SYSTEM WITH ONE HOSPITAL AND SEVERAL AMBULATORY CENTERS, IN ADDITION TO MULTIPLE PHYSICIAN PRACTICES AHS OFFERS A WIDE SCOPE OF DIAGNOSTIC AND REHABILITATIVE SERVICES BOTH FOR INPATIENTS AND OUTPATIENTS, INCLUDING COMPREHENSIVE CARDIOLOGY AND CANCER CARE FURTHERMORE, AHS IS THE SOLE MEMBER OF TWO CRITICAL ACCESS HOSPITALS, ADENA PIKE MEDICAL CENTER AND ADENA GREENFIELD MEDICAL CENTER, THAT FILE SEPARATELY		
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
3 Number of voting members of the governing body (Part VI, line 1a)	3	14	
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8	
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	2,937	
6 Total number of volunteers (estimate if necessary)	6	225	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 1,407,756	Current Year 1,444,837
	9 Program service revenue (Part VIII, line 2g)	378,441,880	394,211,412
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,729,565	11,247,301
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	13,256,012	14,001,227
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	397,835,213	420,904,777
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	788,202	1,036,812
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	210,329,286	212,275,721
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	190,672,229	182,266,631
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	401,789,717	395,579,164
	19 Revenue less expenses Subtract line 18 from line 12	-3,954,504	25,325,613
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	423,361,896	437,413,995
	21 Total liabilities (Part X, line 26)	230,072,795	221,591,606
	22 Net assets or fund balances Subtract line 21 from line 20	193,289,101	215,822,389

Part II

Signature Block

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

Sign Here	<input type="checkbox"/> ***** Signature of officer		2014-11-11 Date				
	<input type="checkbox"/> ROBERT M ROSENBERGER CFO Type or print name and title						
Paid Preparer Use Only	Prnt/Type preparer's name BERNIE OSTROWSKI		Preparer's signature		Date	Check <input type="checkbox"/> if self-employed	PTIN P00366367
	Firm's name <input type="checkbox"/> PLANTE & MORAN PLLC					Firm's EIN <input type="checkbox"/> 38-1357951	
	Firm's address <input type="checkbox"/> 65 EAST STATE ST STE 600 COLUMBUS, OH 43215					Phone no (614) 849-3000	

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

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1

Briefly describe the organization’s mission

TO HEAL, TO EDUCATE, TO CARE

2

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

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?

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 \$ 343,517,234 including grants of \$ 1,036,812) (Revenue \$ 400,396,444)

HEALTH CARE PROGRAMS, GENERAL/OTHER ROUTINE HOSPITAL SERVICES THERE WERE 11,302 INPATIENTS AND 946,861 OUTPATIENTS IN 2013 EMERGENCY SERVICES - TREATMENT OF EMERGENCY ACCIDENT AND ILLNESS AS WELL AS LESS URGENT CONDITIONS IN THE ABSENCE OF A FAMILY PHYSICIAN THERE WERE 48,240 EMERGENCY VISITS IN 2013 THE HOSPICE AND HOME HEALTH DEPARTMENTS PROVIDE MEDICAL CARE, MEDICATIONS, HOME HEALTH NEEDS, BEREAVEMENT COUNSELING PRESCRIPTIONS, FOOD AND SHELTER TO PATIENTS THERE WERE 14,316 HOSPICE DAYS IN 2013 PHYSICIAN OFFICES THERE WERE 345,181 PHYSICIAN OFFICE VISITS IN 2013

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 343,517,234

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III 	19	No
20a Did the organization operate one or more 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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or 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 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26	Yes	
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		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 or note to any line in this Part V

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	117	
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.	2,937	
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" to line 3b, 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
4b 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 or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	14	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ROBERT M ROSENBERGER CFO 272 HOSPITAL ROAD CHILLICOTHE, OH 456019031 (740) 779-7582

Check if Schedule O contains a response or note to any line in this Part VII ☐

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

Form **990** (2013)

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	15,458,903	0	673,685

246

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

Section B. Independent Contractors

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
CAPTIVE RADIOLOGY 6273 FRANK AVENUE NW NORTH CANTON OH 44720	MRI SERVICES	3,144,480
PRECYSE SOLUTIONS LLC PO BOX 11407 BIRMINGHAM AL 35246	MEDICAL TRANSCRIPTION SERVICES	2,329,277
TATUM LLC PO BOX 847872 DALLAS TX 752847872	STAFFING SERVICES	951,533
MEDICAL DOCTOR ASSOCIATES PO BOX 277185 ATLANTA GA 303847185	MEDICAL STAFFING SERVICES	533,462
SOUTHEAST OHIO ACUTES PO BOX 8500-1607 PHILADELPHIA PA 19178	DIALYSIS SERVICES	527,162
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 ▶25		

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c	2,870			
	d	Related organizations 1d	733,285			
	e	Government grants (contributions) 1e	117,805			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	590,877			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	1,444,837			
Program Service Revenue	2a	NET PATIENT SVC REV	622110	394,211,412	394,211,412	
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	394,211,412			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	1,807,906			1,807,906
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real 3,303,674	(ii) Personal		
	b	Less rental expenses	0			
	c	Rental income or (loss)	3,303,674			
	d	Net rental income or (loss)	3,303,674			3,303,674
	7a	Gross amount from sales of assets other than inventory	(i) Securities 9,495,042	(ii) Other 16,191		
	b	Less cost or other basis and sales expenses	0	71,838		
	c	Gain or (loss)	9,495,042	-55,647		
	d	Net gain or (loss)	9,439,395			9,439,395
	8a	Gross income from fundraising events (not including \$ 2,870 of contributions reported on line 1c) See Part IV, line 18	a 44,499			
	b	Less direct expenses b	48,829			
	c	Net income or (loss) from fundraising events	-4,330			-4,330
	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	EHR IMPLEMENTATION	622110	3,680,590	3,680,590	
	b	FOOD & NUTRITION	622110	1,649,608		1,649,608
	c	CONSULTING FEES	622110	1,213,889	1,213,889	
	d	All other revenue		4,157,796	1,290,553	2,867,243
	e	Total. Add lines 11a-11d	10,701,883			
	12	Total revenue. See Instructions	420,904,777	400,396,444	0	19,063,496

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 or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	1,036,812	1,036,812		
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.	7,554,938	5,323,956	2,230,982	
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.	163,613,548	149,049,135	14,564,413	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	8,528,510	6,618,124	1,910,386	
9	Other employee benefits.	32,578,725	24,251,404	8,327,321	
10	Payroll taxes.				
11	Fees for services (non-employees):				
a	Management.	791,156	678,511	112,645	
b	Legal.	865,489		865,489	
c	Accounting.	165,900		165,900	
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).	36,299,057	21,779,296	14,519,761	
12	Advertising and promotion.	393,863	374,725	19,138	
13	Office expenses.	16,558,974	10,610,104	5,948,870	
14	Information technology.	5,464,932	5,464,932		
15	Royalties.				
16	Occupancy.	13,867,342	13,867,342		
17	Travel.	1,205,999	766,523	439,476	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	8,944,137	6,940,651	2,003,486	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	20,484,680	12,450,664	8,034,016	
23	Insurance.	4,088,137	3,896,821	191,316	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	57,856,406	57,856,406		
b	BAD DEBT EXPENSE	24,602,699	24,602,699		
c	OVERHEAD ALLOCATION	-9,322,140	-2,050,871	-7,271,269	
d					
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	395,579,164	343,517,234	52,061,930	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		10,343	1	10,833
	2	Savings and temporary cash investments		75,023,140	2	80,148,561
	3	Pledges and grants receivable, net		4,877,872	3	8,306,431
	4	Accounts receivable, net		38,926,587	4	46,093,123
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		159,180	5	40,242
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,150,603	8	5,336,782
	9	Prepaid expenses and deferred charges		9,902,850	9	10,280,125
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a373,513,923			
	b	Less accumulated depreciation	10b225,651,503	156,501,499	10c	147,862,420
	11	Investments—publicly traded securities		114,226,562	11	125,793,671
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		18,583,260	15	13,541,807
	16	Total assets. Add lines 1 through 15 (must equal line 34)		423,361,896	16	437,413,995
Liabilities	17	Accounts payable and accrued expenses		36,977,454	17	41,713,521
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		178,918,450	20	171,764,259
	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	
	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		14,176,891	25	8,113,826
	26	Total liabilities. Add lines 17 through 25		230,072,795	26	221,591,606
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		192,560,681	27	214,840,183
	28	Temporarily restricted net assets		728,420	28	982,206
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		193,289,101	33	215,822,389
	34	Total liabilities and net assets/fund balances		423,361,896	34	437,413,995

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	420,904,777
2	Total expenses (must equal Part IX, column (A), line 25)	2	395,579,164
3	Revenue less expenses Subtract line 2 from line 1	3	25,325,613
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	193,289,101
5	Net unrealized gains (losses) on investments	5	1,964,186
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-4,756,511
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	215,822,389

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

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

Part I

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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

Return Reference	Explanation	
------------------	-------------	--

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

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

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

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

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

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

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		1,032
j	Total. Add lines 1c through 1i.			1,032
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	THE OHIO HOSPITAL ASSOCIATION DOES LOBBYING ON BEHALF OF HOSPITAL RELATED CAUSES. THIS ACTIVITY IS PAID FOR THROUGH DUES PAID TO THE OHIO HOSPITAL ASSOCIATION.

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990.** ▶ **See separate instructions.** ▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part 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	2,168,959	1,050,463	979,299	859,540	762,259
b Contributions	358,513	1,142,201	48,900	50,593	170,668
c Net investment earnings, gains, and losses	156,716	169,101	30,021	101,333	85,016
d Grants or scholarships	222,082	192,806	7,757	32,167	
e Other expenditures for facilities and programs					158,403
f Administrative expenses					
g End of year balance	2,462,106	2,168,959	1,050,463	979,299	859,540

2

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

a

Board designated or quasi-endowment

100 000 %

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

4

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		2,648,975		2,648,975
b Buildings		167,263,384	66,716,785	100,546,599
c Leasehold improvements		10,302,964	10,302,964	0
d Equipment		185,590,259	143,471,765	42,118,494
e Other		7,708,341	5,159,989	2,548,352
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				147,862,420

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

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.

Return Reference	Explanation
PART V, LINE 4	ADENA HEALTH FOUNDATION ENDOWMENT FUNDS ARE USED TO PROVIDE SCHOLARSHIPS AND PURCHASE CAPITAL FOR PACCAR MEDICAL EDUCATION CENTER. THESE FUNDS ARE HELD BY ADENA HEALTH SYSTEM AND ARE ADMINISTERED BY ADENA HEALTH FOUNDATION.
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 THE IRS OR OTHER APPLICABLE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE SYSTEM AND HAS CONCLUDED AS OF DECEMBER 31, 2013 AND 2012, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE SYSTEM IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. MANAGEMENT BELIEVES THAT IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO DECEMBER 31, 2010.

[illegible]

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

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

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

- 1

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

☐ Mail solicitations
- e

☐ Solicitation of non-government grants
- b

☐ Internet and email solicitations
- f

☐ Solicitation of government grants
- c

☐ Phone solicitations
- g

☐ Special fundraising events
- d

☐ In-person solicitations
- 2a

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

☐ Yes ☐ No
- b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶						

- 3

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

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		CHARITY BALL (event type)	PLANT SALE (event type)	(total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	19,050	28,319	47,369
	2	Less Contributions . . .	2,870		2,870
	3	Gross income (line 1 minus line 2)	16,180	28,319	44,499
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . . .			
	6	Rent/facility costs . . .	1,141		1,141
	7	Food and beverages .	1,434		1,434
	8	Entertainment			
	9	Other direct expenses .	16,844	29,410	46,254
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Subtract line 10 from line 3, column (d) ▶			
					(48,829)
					-4,330

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

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

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

a

Is the organization licensed to operate gaming activities in each of these states?

Yes

No

b

If "No," explain _____

10a

Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

Yes

No

b

If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12

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

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	%
b	An outside facility	13b	%

14

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

Name ▶

Address ▶

15a

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

☐ Yes ☐ No

b

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

c

If "Yes," enter name and address of the third party

Name ▶

Address ▶

16

Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17

Mandatory distributions

a

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

☐ Yes ☐ No

b

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

Part IV

Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Return Reference	Explanation
------------------	-------------

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.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			16,289,349	4,973,178	11,316,171	3 050 %
b Medicaid (from Worksheet 3, column a)			75,512,983	41,866,994	33,645,989	9 070 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			91,802,332	46,840,172	44,962,160	12 120 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			477,781		477,781	0 130 %
f Health professions education (from Worksheet 5)			329,363		329,363	0 090 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			46,267		46,267	0 010 %
j Total Other Benefits			853,411		853,411	0 230 %
k Total . Add lines 7d and 7j			92,655,743	46,840,172	45,815,571	12 350 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			223,667		223,667	0.060 %
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			223,667		223,667	0.060 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

24,602,699

3Enter 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

0

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

65,145,960

6Enter Medicare allowable costs of care relating to payments on line 5.

6

55,704,629

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

9,441,331

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "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

No

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

		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
	See Additional Data Table										

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)
ADENA REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>ADENA.ORG/INSIDE/PAGE DT/CHNA</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 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>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a <input checked="" type="checkbox"/> Income level					
b <input type="checkbox"/> Asset level					
c <input checked="" type="checkbox"/> Medical indigency					
d <input checked="" type="checkbox"/> Insurance status					
e <input checked="" type="checkbox"/> Uninsured discount					
f <input checked="" type="checkbox"/> Medicaid/Medicare					
g <input checked="" type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input type="checkbox"/> Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input checked="" type="checkbox"/> The policy was attached to billing invoices					
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input type="checkbox"/> Other (describe in Part VI)					
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 individual's eligibility under the facility's FAP					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					
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 individual's eligibility under the facility's FAP?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					

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 individuals regarding the individuals' bills
- d

☒

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

☒

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individual 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 individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

[illegible]

Part V

Facility Information (continued)

Section D. 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? 15

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

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 7	THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 WAS USED TO CONVERT CHARGES TO COSTS IN LINE 7A AND 7B ACTUAL COSTS WERE USED IN LINE 7E, 7F & 7I
PART I, LN 7 COL(F)	BAD DEBT EXPENSE OF \$24,602,699 WAS DEDUCTED FROM TOTAL OPERATING EXPENSES WHEN CALCULATING THE PERCENTAGES IN THIS COLUMN

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	THE COMMUNITY BUILDING ACTIVITIES PROMOTE ECONOMIC DEVELOPMENT IN DOWNTOWN CHILLICOTHE THE HOSPITAL IS HELPING FUND A HISTORIC BUILDING REHABILITATION PROJECT WHICH WILL IN TURN HELP REVITALIZE THE DOWNTOWN CHILLICOTHE BUSINESS DISTRICT AS WELL AS PROMOTE JOB GROWTH THE BUILDING WILL ALSO PROVIDE HOUSING FOR ADENA PHYSICIAN RESIDENTS AND MEDICAL STUDENTS WHICH ENABLES THE HEALTH SYSTEM TO INCREASE PROVIDER ACCESS WITHIN THE SERVICE AREA
PART III, LINE 2	THE BAD DEBT EXPENSE LISTED ON PART III, LINE 2 IS DERIVED FROM THE FINANCIAL STATEMENTS

Form and Line Reference	Explanation
PART III, LINE 3	<p>IN DETERMINING THE APPROPRIATE AMOUNT TO BE RECORDED ON PART III, LINE 3, ALL SELF PAY CLAIMS ARE TURNED OVER TO A COLLECTION VENDOR THE VENDOR DETERMINES IF THE CLAIM IS CHARITY AFTER THE PATIENT SUPPLIES APPROPRIATE DOCUMENTATION HOWEVER, THE HOSPITAL HAD AN OUTSIDE CREDIT AGENCY REVIEW TWO MONTHS OF BAD DEBT TRANSACTIONS AND DETERMINED THAT 27% OF THE AMOUNT BOOKED AS BAD DEBT EXPENSE RELATED TO UNCOMPENSATED CHARITY CARE THE HOSPITAL RECLASSED \$9,204,382 FROM BAD DEBT EXPENSE TO CHARITY CARE BAD DEBT EXPENSE BEFORE THIS RECLASS WAS \$33,807,081 LEAVING \$24,602,699 AS BAD DEBT EXPENSE BASED ON THIS ANALYSIS AND RECLASS, THE HOSPITAL ESTIMATES THAT \$0 OF THE BAD DEBT EXPENSE REPORTED IN PART III LINE 2 ARE AMOUNTS THAT WOULD BE ATTRIBUTABLE TO PATIENTS UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY</p>
PART III, LINE 4	<p>WE DO NOT HAVE SEPARATE FINANCIAL STATEMENTS FOR ADENA REGIONAL MEDICAL CENTER IT IS INCLUDED IN THE CONSOLIDATED STATEMENTS OF ADENA HEALTH SYSTEM THE FOOTNOTE IN OUR FINANCIAL STATEMENTS INCLUDES THE FOLLOWING ABOUT OUR BAD DEBT EXPENSE AND ALLOWANCE FOR UNCOLLECTIBLES "AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE SYSTEM'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE ACCOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS ESTABLISHED BASED ON EXPECTED PAYMENT RATES FROM PAYORS UTILIZING CURRENT REIMBURSEMENT METHODOLOGIES AND PAYMENT RATES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRDPARTY 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 IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE "</p>

Form and Line Reference	Explanation
PART III, LINE 8	THE HOSPITAL MEDICARE ADVANTAGE PLAN AND THE PHYSICIAN MEDICARE ADVANTAGE PLAN INCURRED A SHORTFALL OF <\$17,425,457> IN 2013 THIS SHORTFALL COMBINED WITH THE LONGFALL FROM TRADITIONAL MEDICARE SOURCES OF \$9,441,331 RESULTS IN A NET MEDICARE SHORTFALL OF <\$7,984,126> OUR SERVICE AREA IS A RURAL 13 COUNTY AREA IN SOUTHERN OHIO THE POPULATION IS AN AGING POPULATION WHICH RESULTS IN MEDICARE AS OUR LARGEST PAYOR GROUP IN ADDITION,THE ECONOMIC CONDITIONS THAT RESULT FROM APPALACHIAN DESIGNATION CREATE A RECRUITING ISSUE TO COMBAT THE ISSUE, WE ARE FORCED TO NOT ONLY EMPLOY PHYSICIANS BUT MUST PAY A PREMIUM TO GET THEM TO AGREE TO SERVE THE AREA'S RESIDENTS BASED ON THESE ISSUES, WE BELIEVE SERVICE TO OUR MEDICARE POPULATION IS A COMMUNITY BENEFIT ALSO, THE HOSPITAL USED THE METHODOLOGY REQUIRED FOR COMPLETING THE MEDICARE COST REPORT WHEN DETERMINING THE AMOUNT ON PART III - LINE 6
PART III, LINE 9B	THERE ARE TWO TIERS 100% CHARITY FOR UP TO OR EQUAL TO 200% OF FEDERAL POVERTY LEVELS AND 60% FOR 201%-400% OF FEDERAL POVERTY LEVELS

Form and Line Reference	Explanation
PART VI, LINE 3	THE AVAILABILITY OF FINANCIAL ASSISTANCE IS COMMUNICATED IN THE FOLLOWING MANNER 1 STATEMENTS FROM ADENA AS WELL AS COLLECTION VENDORS EXPLAIN AND LIST THE 100% AND 60% ASSISTANCE GUIDELINES ON THE BACKSIDE OF THE STATEMENT 2 THERE IS SIGNAGE EXPLAINING THE PROGRAM AT ALL THE REGISTRATION AREAS 3 A CONTRACTED VENDOR SUPPLIES STAFF AT THE CASHIER AREA TO EXPLAIN OPTIONS AVAILABLE TO THE PATIENT 4 WE SEND AN APPLICATION WITH THE SELF-PAY DISCOUNT LETTERS IN CASE THE PATIENT/GUARANTOR CAN'T SET UP A PAYMENT PLAN 5 THE CUSTOMER SERVICE STAFF IS EDUCATED ON ALL THE OPTIONS AND CAN EXPLAIN THE PROGRAMS WHEN PATIENTS CALL 6 OUR PHYSICIAN OFFICES, AS WELL AS COLLECTION VENDORS HAVE FINANCIAL AID APPLICATIONS AVAILABLE 7 LASTLY, WE UTILIZE A "HINDSIGHT" VENDOR THAT SCREENS ALL BAD DEBT ACCOUNTS, AFTER THE YEAR-END, AGAINST THE STATE MEDICAID ELIGIBILITY AND FEDERAL POVERTY GUIDELINES TO ATTEMPT ONE LAST EFFORT TO OBTAIN FINANCIAL ASSISTANCE FOR INDIVIDUALS
PART VI, LINE 4	ROSS COUNTY, HOME TO ADENA REGIONAL MEDICAL CENTER, IS LOCATED IN SOUTH CENTRAL OHIO IT IS PART OF 2 CONGRESSIONAL DISTRICTS (2ND AND THE 15TH) AND ONE OF OHIO'S 32 APPALACHIAN COUNTIES IT CONTAINS THE POPULATION PATTERNS AND DISTINCT ECONOMIC CONDITIONS INHERENT OF THIS REGION OF THE U S AND FACES SIMILAR CHALLENGES TO IMPROVE THE LIVES OF ITS 78,868 RESIDENTS THESE INCLUDE LOW EDUCATIONAL ATTAINMENT PERCENTAGES AND HIGH RATES OF UNEMPLOYMENT AND POVERTY THE TOTAL POPULATION OF ROSS COUNTY REPRESENTS 15% OF THE TOTAL ADENA HEALTH SYSTEM SERVICE REGION AND IS THE PRIMARY PLACE OF RESIDENCE FOR 80% OF THE PATIENTS IT SERVES THE COUNTY, AS WELL AS THE REMAINDER OF THE 12 COUNTY SERVICE REGION, HAS SIMILAR DEMOGRAPHICS AS THE STATE OF OHIO AND U S OVER 64% OF THE POPULATION IS BETWEEN THE AGES OF 19 AND 64 AND 13% OF THE POPULATION IS OVER THE AGE OF 65 THE MAJORITY OF THE POPULATION IS WHITE WITH AFRICAN AMERICANS MAKING UP THE MAJORITY OF THE REGION'S MINORITY POPULATION THE 28,158 HOUSEHOLDS IN ROSS COUNTY REPRESENT 14 7% OF THE HOUSEHOLDS IN ADENA HEALTH SYSTEM'S 12-COUNTY SERVICE REGION THE AVERAGE HOUSEHOLD SIZE IS 2 54 PEOPLE, COMPARABLE WITH THE REST OF OHIO AND THE U S THE AVERAGE FAMILY SIZE IS AS WELL WITH 3 05 PEOPLE A LITTLE MORE THAN 50% OF THE POPULATION IS NOW MARRIED WHICH IS COMPARABLE WITH OHIO AND NATIONAL AVERAGES MORE THAN 14% ARE DIVORCED WHICH IS NOTICEABLY HIGHER THAN BOTH THE STATE AND NATIONAL AVERAGES MORE THAN 16% OF THE ADULTS IN ROSS COUNTY HAVE NOT GRADUATED FROM HIGH SCHOOL THIS PERCENTAGE IS HIGHER THAN BOTH THE OHIO (12 2%) AND NATIONAL (14 6%) AVERAGES, BUT IS LOWER THAN THE AVERAGE FOR THE 12-COUNTY SERVICE REGION (18 9%) MORE THAN 10% OF THE POPULATION OF ROSS COUNTY IS ESTIMATED TO BE FUNCTIONALLY ILLITERATE, OR LACKING THE READING AND WRITING SKILLS SUFFICIENT FOR ORDINARY PRACTICAL NEEDS WHILE THE UNEMPLOYMENT RATE IN ROSS COUNTY (7 9%) IS COMPARABLE TO THE U S AVERAGE, IT CONTINUES TO BE HIGHER THAN BOTH THE REGIONAL (6 8%) AND STATE (6%) AVERAGES IN ADDITION, MORE THAN 43 4% OF THE POPULATION IS NOT IN THE WORKFORCE THIS IS HIGHER THAN THE STATE (35 4%) AND NATIONAL AVERAGES (35 2%) THE TOP FIVE EMPLOYMENT INDUSTRIES IN ROSS COUNTY ARE MANAGEMENT/PROFESSIONAL OCCUPATIONS (28%), EDUCATION/HEALTHCARE SERVICES (24 6%), SALES (23%), PRODUCTION/TRANSPORTATION SERVICES (19 7%), AND SERVICE OCCUPATIONS (18 9%) ROSS COUNTY HAS MORE PEOPLE EMPLOYED IN PRODUCTION, TRANSPORTATION AND MATERIAL MOVING OCCUPATIONS (19 7%) THAN THE REGIONAL, STATE AND NATIONAL AVERAGES THE COUNTY HAS ABOUT HALF AS MANY (5 4%) PROFESSIONAL, SCIENTIFIC AND MANAGEMENT SERVICES PROFESSIONALS AS OHIO (9 1%) AND THE U S (10 5%) THE PER CAPITA, MEDIAN AND MEAN HOUSEHOLD INCOMES IN ROSS COUNTY OHIO ARE MUCH LOWER THAN THE STATE AND U S AVERAGES, BUT HIGHER THAN REGIONAL AVERAGE POVERTY RATES ARE ALSO HIGHER THAN STATE AND NATIONAL AVERAGES BUT LOWER THAN THE REST OF THE REGION ACCESS TO EMPLOYMENT IN ROSS COUNTY IS HIGHER THAN OTHER COUNTIES IN THE REGION THERE ARE 7,697 CIVILIAN VETERANS LIVING IN ROSS COUNTY, ACCOUNTING FOR ALMOST 10% OF THE REGION'S POPULATION THE TOTAL CIVILIAN VETERANS WITHIN THE ADENA HEALTH SYSTEM 12-COUNTY SERVICE REGION REPRESENT 5% OF OHIO'S TOTAL CIVILIAN VETERAN POPULATION ROSS COUNTY ALSO HAS A VETERAN'S ADMINISTRATION HOSPITAL LOCATED 4 5 MILES FROM ADENA REGIONAL MEDICAL CENTER ROSS COUNTY AND ITS ENTIRE SURROUNDING SERVICE REGION HAVE A HIGHER PREVALENCE OF DISABILITY THAN THE REST OF OHIO SEVEN OF THE 12 COUNTIES IN THE SERVICE REGION HAVE DISABILITY PREVALENCE RATES OF 16 7% - 22% ROSS COUNTY'S PREVALENCE RATE IS BETTER (14 8% - 16 6%) BUT STILL WORSE THAN THE REST OF OHIO (13 4% - 14 7%)

Form and Line Reference	Explanation
PART VI, LINE 5	ADENA REGIONAL MEDICAL CENTER WORKS TO PROMOTE THE HEALTH OF ITS COMMUNITY THROUGH A VARIETY OF MEANS, INCLUDING BOARD MEMBERS, ADMINISTRATION, EMPLOYEES, AND VOLUNTEERS THE 2013 BOARD OF TRUSTEES OF ADENA HEALTH SYSTEM WAS COMPRISED OF 14 MEMBERS THREE OR 21 % OF THE BOARD MEMBERS ARE EMPLOYEES OF ADENA HEALTH SYSTEM ALL OR 100% OF THE BOARD MEMBERS RESIDE WITHIN THE SERVICE REGION THE ORGANIZATION BUDGETS FUNDS FOR THE PURPOSE OF COMMUNITY BENEFIT, MEDICAL EDUCATION, AND CHARITY CARE THESE FUNDS ARE ALLOCATED TO DEPARTMENTAL BUDGETS AT THE BEGINNING OF EACH FISCAL YEAR AND OVERSEEN BY DEPARTMENT DIRECTORS USE OF THE FUNDS IS GUIDED BY ORGANIZATIONAL FISCAL POLICY
PART VI, LINE 6	FOUNDED IN 1895, ADENA HEALTH SYSTEM IS AN INDEPENDENT, NOT-FOR-PROFIT HEALTHCARE ORGANIZATION BASED IN CHILLICOTHE, OH THE HEALTH SYSTEM INCLUDES THREE HOSPITALS AND SIX REGIONAL CLINICS, WITH A TOTAL OF 311 BEDS ADENA SERVES THE NEEDS OF NEARLY 500,000 PEOPLE IN 13 COUNTIES, LIVING IN OHIO'S APPALACHIAN REGION OUR FACILITIES INCLUDE ADENA REGIONAL MEDICAL CENTER A 261-BED INPATIENT HOSPITAL IN CHILLICOTHE, OH FEATURING AN EMERGENCY DEPARTMENT, DIAGNOSTIC AND TREATMENT SERVICES, ADVANCED SURGICAL SUITES, INTENSIVE/CARDIAC CARE, MEDICAL OFFICE BUILDING AND THE ADENA HEALTH PAVILION, WHICH INCLUDES OUTPATIENT SURGERY, PHYSICIAN OFFICES AND THE ADENA SLEEP CENTER IN 2011, ADENA INVESTED \$21 MILLION IN THE CONSTRUCTION OF A 35,000 SQUARE-FOOT CANCER CENTER TO PROVIDE PATIENTS WITH ACCESS TO CANCER DIAGNOSIS AND TREATMENT AT A FACILITY NEAR THEIR HOMES THE CANCER CENTER OPENED IN JANUARY 2012 GREENFIELD AREA MEDICAL CENTER AND PIKE HEALTH SERVICES, INC BOTH ARE CRITICAL ACCESS HOSPITALS, EACH WITH A 25-BED INPATIENT FACILITY IN GREENFIELD, OH AND WAVERLY, OH, RESPECTIVELY EACH FEATURES AN EMERGENCY DEPARTMENT, INPATIENT CARE INCLUDING REHABILITATION AND MEDICAL/SURGICAL, DIAGNOSTIC AND TREATMENT SERVICES, AS WELL AS FAMILY PRACTICE AND SPECIALTY PHYSICIANS THESE TWO HOSPITALS DIRECTLY BENEFIT HIGHLAND COUNTY (GREENFIELD AREA MEDICAL CENTER) AND PIKE COUNTY (PIKE HEALTH SERVICES, INC) AS WELL AS SURROUNDING COMMUNITIES ADENA HEALTH CENTERS LOCATED IN CHILLICOTHE AND WITH REGIONAL SITES IN CIRCLEVILLE, JACKSON, OAK HILL, WASHINGTON COURT HOUSE AND WAVERLY, OH OUR HEALTH CENTERS INCLUDE PHYSICIAN OFFICES, DIAGNOSTIC AND TREATMENT SERVICES, PHYSICAL, OCCUPATION AND SPEECH THERAPIES URGENT CARE SERVICES ARE OFFERED IN CHILLICOTHE AND WAVERLY ADENA HOME CARE AND HOSPICE PROVIDES HIGHLY PERSONALIZED, QUALITY CARE TO PATIENTS OF FOUR SERVICE LINES -- HOME HEALTH, HOSPICE, HOME RESPIRATORY AND HOME INFUSION ADENA REHABILITATION AND WELLNESS CENTER PROVIDES PHYSICAL, OCCUPATIONAL, MASSAGE AND INDUSTRIAL REHABILITATION, AS WELL AS ORTHOPEDICS, SPORTS MEDICINE, WOMEN'S HEALTH, VESTIBULAR, FIBROMYALGIA AND CHRONIC PAIN PROGRAMS, AS WELL AS INDUSTRIAL AND SPECIALIZED HAND PROGRAMS ADENA COUNSELING CENTER PROVIDES A WIDE RANGE OF OUTPATIENT COUNSELING SERVICES, INCLUDING GROUP, INDIVIDUAL AND FAMILY COUNSELING A VARIETY OF SUPPORT GROUPS ALSO MEET AT THE CENTER OFF-CAMPUS PHYSICIAN OFFICES A NUMBER OF PHYSICIAN OFFICES ARE LOCATED THROUGHOUT THE REGION SERVED BY ADENA THESE INCLUDE OFFICES FOR FAMILY PHYSICIANS, ENDOCRINOLOGISTS, GERONTOLOGISTS AND UROLOGISTS TELEMEDICINE IN 2011, THE HEALTH SYSTEM CONTINUED ITS AFFILIATION WITH THE SOUTHERN OHIO HEALTH CARE NETWORK (SOHCN), A PARTNERSHIP OF THE REGION'S THREE LARGEST HEALTHCARE PROVIDERS -- ADENA, O'BLENESS HEALTH SYSTEM AND HOLZER CONSOLIDATED HEALTH SYSTEMS THIS PARTNERSHIP HAS RESULTED IN THE CONSTRUCTION OF AN EXPANSIVE FIBER OPTIC BROADBAND TELECOMMUNICATIONS NETWORK TO SERVE THE HEALTHCARE AND EDUCATIONAL NEEDS OF PEOPLE LIVING IN OHIO'S APPALACHIAN REGION THROUGH THIS TECHNOLOGY, TELEMEDICINE IS ENABLING PATIENTS TO BE ON ADENA'S CAMPUS, BUT TREATED BY PHYSICIANS OUTSIDE THE REGION ADENA HAS TELEMEDICINE RELATIONSHIPS WITH OHIO STATE UNIVERSITY MEDICAL CENTER, RIVERSIDE METHODIST HOSPITAL, AND NATIONWIDE CHILDREN'S HOSPITAL IN COLUMBUS

Additional Data

Software ID:
Software Version:
EIN: 31-4379443
Name: ADENA HEALTH SYSTEM

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

Section D. 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 ADENA HEALTH PAVILION 4437 STATE ROUTE 159 CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
2 ADENA MEDICAL OFFICE BUILDING 4439 STATE ROUTE 159 CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
3 ADENA HEALTH CENTER - WAVERLY 12340 STATE ROUTE 104 WAVERLY, OH 45690	PHYSICIAN OFFICES
4 ADENA URGENT CARE 55 CENTENNIAL BLVD CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
5 ADENA HOME CARE SERVICES 111 W WATER STREET CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
6 ADENA HEALTH CENTER - JACKSON 1000 VETERANS DRIVE JACKSON, OH 45640	PHYSICIAN OFFICES
7 ADENA REHABILITATION AND WELLNESS CENTER 445 SHAWNEE LANE CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
8 ADENA FAMILY MEDICINE - OAK HILL 315 WASHINGTON STREET OAK HILL, OH 45656	PHYSICIAN OFFICES
9 ADENA PICKAWAY-ROSS FAMILY PHYSICIANS 100 N WALNUT STREET CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
10 ADENA FAMILY MEDICINE - CIRCLEVILLE 798 N COURT STREET CIRCLEVILLE, OH 43113	PHYSICIAN OFFICES
11 ADENA COUNSELING CENTER 445 SHAWNEE LANE CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
12 ADENA FAMILY MEDICINE OF CHILLICOTHE 626 CENTRAL CENTER CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
13 ADENA ROSS UROLOGY 8 MEDICAL DRIVE CHILLICOTHE, OH 45601	PHYSICIAN OFFICES
14 ADENA FAMILY MEDICINE - GREENFIELD 536 MIRABEAU STREET GREENFIELD, OH 45123	PHYSICIAN OFFICES
15 ADENA FAMILY MEDICINE - WASHINGTON CH 308 HIGHLAND AVENUE SUITE C WASHINGTON COURT HOU, OH 43160	PHYSICIAN OFFICES

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ADENA HEALTH SYSTEM

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

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

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
31-4379443

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ADENA HEALTH FOUNDATION 272 HOSPITAL ROAD CHILLICOTHE, OH 45601	75-3008742	501(C)(3)	416,116				PAYMENT OF ORGANIZATION EXPENSES
(2) PIKE COMMUNITY HOSPITAL FOUNDATION 100 DAWN LANE WAVERLY, OH 45690	31-1072406	501(C)(3)	10,000				DIABETES TESTING PARTNERSHIP PROJECT WITH YMCA
(3) KIWANIS CLUB OF CHILLICOTHE 213 S PAINT STREET CHILLICOTHE, OH 45601	31-1356976	501(C)(3)	5,000				SOUTHERN PLAYGROUND CONSTRUCTION PROJECT
(4) ADENA HEALTH FOUNDATION 272 HOSPITAL ROAD CHILLICOTHE, OH 45601	75-3008742	501(C)(3)	140,004				TO PROVIDE ADDITIONAL FUNDIND TO THE AHF BOARD OF TRUSTEES' FUND
(5) THE CHESLER GROUP INC 9639 KINSMAN ROAD MATERIALS PARK, OH 44073	34-1632120		223,667				RESTORE HISTORIC BUILDING
(6) ADENA HEALTH FOUNDATION 272 HOSPITAL ROAD CHILLICOTHE, OH 45601	75-3008742	501(C)(3)	220,621				SUPPORT THE VOLUNTEER SCHOLARSHIP FUND AND PURCHASE EQUIPMENT/SUPPLIES

2

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

3

3

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

1

Part III

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

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

Part IV

Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	DECISIONS TO DONATE TO COMMUNITY PROJECTS ARE BROUGHT TO CEO FOR APPROVAL FROM MEMBERS OF SENIOR LEADERSHIP AND/OR THE STRATEGY DEPARTMENT THE AMOUNTS ARE NOT SO SIGNIFICANT THAT THEY NEED TO BE APPROVED BY THE BOARD OF TRUSTEES A BLANKET AMOUNT IS BUDGETED FOR THE FISCAL YEAR AND CONSIDERED AS EACH REQUEST IS MADE

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, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

Part I

Questions Regarding Compensation

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

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII
Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

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

Part III Supplemental Information

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.

Return Reference	Explanation
PART I, LINE 1A	ADENA HEALTH SYSTEM PROVIDES FOR A MEMBERSHIP TO THE LOCAL COUNTRY CLUB FOR ALL OFFICERS AND KEY EMPLOYEES. THIS BENEFIT IS GROSSED UP AND TAXED AND RECEIVED BY SEVEN OF THE OFFICERS AND KEY EMPLOYEES.
PART I, LINE 4A	LINE 4A: VARIOUS EMPLOYEES THAT WERE PREVIOUSLY LISTED IN PART VII, SECTION A, LINE 1A RECEIVED SEVERANCE DURING 2013. - KAREN BOLTON REPORTED SEVERANCE COMPENSATION OF \$68,014 IN 2013. - NATALIE DI IONNO REPORTED SEVERANCE COMPENSATION OF \$10,350 IN 2013. - BARBARA PURDOM REPORTED SEVERANCE COMPENSATION OF \$160,205 IN 2013. - MARK MOFFIT REPORTED SEVERANCE COMPENSATION OF \$37,500 IN 2013. ALL AFOREMENTIONED FORMER EMPLOYEES HAD SIMILAR SEVERANCE PACKAGES. ALL ARE RECEIVING 12 MONTHS OF SEVERANCE AND THEN A 6 MONTH BRIDGE IF NOT EMPLOYED AT ANY TIME AFTER THE INITIAL 12 MONTHS, AHS WOULD REDUCE PAY IF EMPLOYED AT A LESSER RATE.

Additional Data

Software ID:

Software Version:

EIN: 31-4379443

Name: ADENA HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JACK BERNO DIRECTOR/EMPLOYED M D	(i) (ii)	292,607 0	0 0	4,198 0	0 0	12,693 0	309,498 0	0 0
WILBUR SEVER DIRECTOR/EMPLOYED M D	(i) (ii)	602,691 0	0 0	1,380 0	16,641 0	18,873 0	639,585 0	0 0
WAYNE COATS DIRECTOR/EMPLOYED M D	(i) (ii)	380,023 0	0 0	1,278 0	8,654 0	18,414 0	408,369 0	0 0
DAWN BENNETT JOHNSON INTERIM CHIEF FINANCIAL OFFICER	(i) (ii)	234,338 0	64,000 0	993 0	21,410 0	14,110 0	334,851 0	0 0
MARK SHUTER CHIEF EXECUTIVE OFFICER	(i) (ii)	689,331 0	0 0	17,842 0	61,049 0	15,394 0	783,616 0	0 0
KEVIN MURPHY CHIEF FINANCIAL OFFICER (MAY-OCT)	(i) (ii)	128,819 0	0 0	30,433 0	4,280 0	9,461 0	172,993 0	0 0
NATALIE DI LONNO ASSISTANT GENERAL COUNSEL (JAN-AUG)	(i) (ii)	194,929 0	0 0	30,808 0	12,931 0	25,457 0	264,125 0	0 0
MICHELLE FEDERER EMPLOYED M D	(i) (ii)	239,345 0	0 0	402 0	9,995 0	1,407 0	251,149 0	0 0
JOHN FORTNEY CHIEF MEDICAL OFFICER	(i) (ii)	405,872 0	0 0	5,232 0	23,434 0	12,880 0	447,418 0	0 0
ANTHONY FREEMAN EMPLOYED M D	(i) (ii)	787,450 0	0 0	2,898 0	9,000 0	18,873 0	818,221 0	0 0
JUDITH HENSON CHIEF NURSING OFFICER	(i) (ii)	184,843 0	0 0	942 0	13,831 0	21,623 0	221,239 0	0 0
SATHISH JETTY EMPLOYED M D	(i) (ii)	438,406 0	0 0	1,179 0	15,172 0	17,947 0	472,704 0	0 0
MARTHA LIVINGSTON CHIEF BUSINESS DEVELOPMENT OFFICER	(i) (ii)	210,999 0	0 0	9,912 0	26,845 0	17,263 0	265,019 0	0 0
ERIC PERDUE CHIEF HUMAN RESOURCES	(i) (ii)	184,182 0	0 0	342 0	15,184 0	2,908 0	202,616 0	0 0
JOHN YOUNG EMPLOYED M D	(i) (ii)	1,176,550 0	0 0	2,432 0	16,346 0	16,098 0	1,211,426 0	0 0
ERIC CECAVA MASTER BLACK BELT	(i) (ii)	159,372 0	0 0	757 0	9,933 0	20,759 0	190,821 0	0 0
GAIL GAMES VP EDUCATION AND DEVELOPMENT	(i) (ii)	156,188 0	0 0	610 0	14,038 0	1,995 0	172,831 0	0 0
MICHAEL GLANZMAN EXECUTIVE DIRECTOR PHYS SERVICES	(i) (ii)	160,279 0	0 0	183 0	9,290 0	21,318 0	191,070 0	0 0
PATRICIA ROAM CHIEF COMPLIANCE OFFICER	(i) (ii)	163,303 0	0 0	10,289 0	15,490 0	8,303 0	197,385 0	0 0
BRIAN COHEN EMPLOYED M D	(i) (ii)	3,076,260 0	0 0	2,610 0	17,500 0	15,617 0	3,111,987 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
HAVAL SAADLLA EMPLOYED M D	(i)	1,178,902	0	24,075	0	18,902	1,221,879	0
	(ii)	0	0	0	0	0	0	0
DAVID JONES EMPLOYED M D	(i)	953,476	6,667	1,779	0	2,966	964,888	0
	(ii)	0	0	0	0	0	0	0
THOMAS LEWIS EMPLOYED M D	(i)	925,879	0	23,853	0	18,873	968,605	0
	(ii)	0	0	0	0	0	0	0
MATHEW COSENZA EMPLOYED M D	(i)	871,649	0	4,002	0	13,471	889,122	0
	(ii)	0	0	0	0	0	0	0
ALLEN SHAW FORMER KEY EMPLOYEE, EMPLOYED M D	(i)	235,347	0	776	0	11,977	248,100	0
	(ii)	0	0	0	0	0	0	0
ETHELBERT BAKER FORMER KEY EMPLOYEE, EMPLOYED M D	(i)	598,275	0	3,174	0	18,873	620,322	0
	(ii)	0	0	0	0	0	0	0
BARBARA PURDOM FORMER KEY EMPLOYEE	(i)	0	0	158,201	0	7,485	165,686	0
	(ii)	0	0	0	0	0	0	0
FAITHA SHELTON FORMER KEY EMPLOYEE	(i)	134,875	0	414	12,878	19,225	167,392	0
	(ii)	0	0	0	0	0	0	0
KIRK TUCKER FORMER KEY EMPLOYEE, EMPLOYED M D	(i)	282,452	0	600	0	17,826	300,878	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A COUNTY OF ROSS OHIO	31-6400085	778260EX3	09-17-2008	141,346,983	CURRENT REFUNDING OF 2001 AND 2006 ISSUES		X		X		X
B COUNTY OF ROSS OHIO	31-6400085		09-15-2010	29,985,000	INFUSION CENTER AND INTERVENTIONAL RADIOLOGY		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	5,245,000		1,457,323					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	196,856,019		30,087,491					
4	Gross proceeds in reserve funds	10,920,538							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,366,439		411,604					
8	Credit enhancement from proceeds	487,668							
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	29,675,887		29,675,887					
12	Other unspent proceeds								
13	Year of substantial completion	2010		2012		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?	X			X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X			X				
b	Name of provider	BAYERISCHE LANDESBANK							
c	Term of GIC	3 000000000000							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X				

Part V

Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
	X		X					

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K, PART II, LINE 6	2001 AND 2006 ISSUES WERE REFUNDED ON OCTOBER 29, 2008 INCLUDED \$116,560,000 OF PRINCIPAL AND \$149,427 OF INTEREST THIS IS FOR THE 2008 ISSUE
SCHEDULE K, PART II, LINE 11	\$11,750,000 OF ISSUE WAS USED TO PAY OFF QUALIFIED HEDGED RELATED TO THE 2001 AND 2006 BONDS THIS IS FOR THE 2008 ISSUE
SCHEDULE K, PART III, LINE 2	ADENA HEALTH SYSTEM LEASES APPROXIMATELY 300 SQUARE FEET TO A FOR PROFIT COMPANY THAT OPERATES A COFFEE KIOSK THIS IS CONSIDERED DEMINIMUS SPACE AND SO 0% WAS PUT IN LINE 4 OF PART III THIS IS FOR THE 2008 ISSUE THE LEASE CEASED IN FALL OF 2012
SCHEDULE K, PART IV, LINE 4A	PROCEEDS INVESTED IN GIC FROM 2006 ISSUE - UNUSED PORTION TRANSFERS TO 2008 ISSUE THE GIC MATURED IN JULY 2009, THIS WAS 36 MONTHS AFTER THE DATE OF ISSUE THIS IS FOR THE 2008 ISSUE
SCHEDULE K, PART IV, LINE 2C	THE DATE THE LAST REBATE COMPUTATION WAS PERFORMED IS OCTOBER 31, 2013

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

► 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.

► Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

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

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

1	(a) Name of disqualified person	(b) 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	Yes	No
(1) DOUGLAS FOLZENLOGEN	PHYSICIAN	RETENTION		X	15,000	15,000		No	Yes		Yes	
(2) HAVAL SAADLLA	PHYSICIAN	RETENTION		X	85,000	13,704		No	Yes		Yes	
(3) DAVID JONES	PHYSICIAN	RETENTION		X	20,000	11,538		No	Yes		Yes	
Total						40,242						

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) HORIZON TELCOM INC	BUSINESS VENDOR OF AHS	802,599	PHONE SERVICE		No
(2) ROBIN BERNO	SPOUSE OF DIRECTOR JACK BERNO	100,571	EMPLOYEE COMPENSATION		No
(3) JENNIFER WHITE	DAUGHTER-IN-LAW OF BOARD DIRECTOR TOM WHITE	127,392	EMPLOYEE COMPENSATION		No
(4) BRITTEN YOUNG	SPOUSE OF KEY EMPLOYEE JOHN YOUNG	477,564	EMPLOYEE COMPENSATION		No
(5) JENNIFER STRICKLAND	RELATIVE OF CHAIR DAVID STRICKLAND	28,579	EMPLOYEE COMPENSATION		No
(6) MICHELLE PERDUE	SPOUSE OF KEY EMPLOYEE ERIC PERDUE	65,192	EMPLOYEE COMPENSATION		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
SCHEDULE L, PART IV	STEVE BURKHARDT THE TREASURER OF HORIZON TELCOM, INC REGULARLY ABSTAINS FROM VOTING AND REMOVES HIMSELF FROM DISCUSSIONS CONCERNING HORIZON TELCOM, INC

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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

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

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION IS COMPOSED OF 9 MEMBER CHURCHES ALL OF THE CHURCHES ARE IN THE CHILLICOTHE, OHIO AREA 1 FIRST PRESBYTERIAN CHURCH 2 SALEM COMMUNITY CHURCH 3 ORCHARD HILL UNITED CHURCH OF CHRIST 4 TABERNACLE BAPTIST CHURCH 5 ST MARY'S CATHOLIC CHURCH 6 TRINITY UNITED METHODIST CHURCH 7 ST PAUL'S EPISCOPAL CHURCH 8 WALNUT STREET UNITED METHODIST CHURCH 9 ST PETER'S CATHOLIC CHURCH

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE CORPORATE MEMBER CHURCHES MAY ONLY ELECT ONE PERSON PER CHURCH TO ACT AS THEIR TRUSTEE. THE TRUSTEES AT LARGE GET APPOINTED AS FOLLOWS SECTION 3.03 OF THE CODE OF REGULATIONS OF AHS - "THE BOARD SHALL ELECT SIX (6) AT-LARGE TRUSTEE POSITIONS. TWO OF THESE POSITIONS SHALL BE FILLED WITH PHYSICIANS WHO ARE MEMBERS OF THE ACTIVE MEDICAL STAFF RECOMMENDED BY THE MEDICAL STAFF IN ACCORDANCE WITH THE MEDICAL STAFF BYLAWS. WHEN A VACANCY OCCURS AMONG THE FOUR (4) AT LARGE TRUSTEES, WITH THE EXCEPTION OF MEMBERS ELIGIBLE FOR REAPPOINTMENT, THE TRUSTEE COMMITTEE SHALL NOMINATE TO THE BOARD A CANDIDATE FOR THE VACANT POSITION."

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	SECTION 2 04 RIGHTS OF THE CORPORATE MEMBERS (A) THE RIGHT TO ELECT NINE TRUSTEES OF THE CORPORATION AS SPECIFIED IN THESE BYLAWS (B) THE RIGHT TO APPROVE ANY LEASE, SALE EXCHANGE, TRANSFER, OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION (C) THE RIGHT TO APPROVE ANY PROPOSED MERGER OR CONSOLIDATION OF THE CORPORATION (D) THE RIGHT TO APPROVE ANY PROPOSED DISSOLUTION OF THE CORPORATION (E) THE RIGHT TO APPROVE ANY PROPOSED CHANGE TO THE FUNDAMENTAL PURPOSE OF THE CORPORATION AS STATED IN SECTION 1 01 (F) THE RIGHT TO APPROVE ANY PROPOSED AMENDMENTS TO THE CODE OF REGULATIONS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE 990 WAS REVIEWED AT A BOARD MEETING, AND COPIES OF THE FORM 990 WERE PROVIDED TO THE BOD MEMBERS. ADDITIONALLY, COPIES OF THE 990 WERE MADE AVAILABLE ON THE HOSPITAL'S BOARD PORTAL AND IN ADMINISTRATION OFFICE UNTIL THE NOVEMBER 15 FILING DATE.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	THE CORPORATE COMPLIANCE OFFICE OF ADENA HEALTH SYSTEM ANNUALLY COORDINATES THE DISTRIBUTION AND RETURN OF THE CONFLICT OF INTEREST STATEMENTS. THE CORPORATE COMPLIANCE OFFICE IS RESPONSIBLE FOR REVIEWING THE RESPONSES AND COMMUNICATING ANY EXTRA STEPS THAT NEED TO TAKE PLACE REGARDING ANY OF THE RESPONSES. AT EVERY BOARD MEETING AND COMMITTEE OF THE BOARD, THE AGENDA ITEM OF CONFLICT OF INTEREST IS INCLUDED AND CALLED OUT. CONFLICTED BOARD MEMBERS ABSTAIN FROM VOTING ON THE PARTICULAR ITEMS. ANY MEMBER ABSTAINING FROM VOTING IS DOCUMENTED IN THE MINUTES. ALL ADENA HEALTH SYSTEM WORKFORCE MEMBERS AND BOARD MEMBERS ARE SUBJECT TO THE CONFLICT OF INTEREST POLICY.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>THE TOP MANAGEMENT OFFICIAL AT ADENA HEALTH SYSTEM, ALONG WITH OFFICERS/KEY EMPLOYEES, HAVE THEIR COMPENSATION REVIEWED ON AN ANNUAL BASIS THROUGH THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES THROUGH THE USE OF AN INDEPENDENT THIRD PARTY EXECUTIVE COMPENSATION COMPANY. THE INDEPENDENT THIRD PARTY COMPENSATION COMPANY UTILIZES MULTIPLE INDEPENDENT COMPENSATION SURVEYS TO EVALUATE BOTH BASE COMPENSATION AND TOTAL CASH COMPENSATION AGAINST LIKE ORGANIZATIONS. RECOMMENDATIONS FOR CHANGE ARE MADE BY THE INDEPENDENT THIRD PARTY EXECUTIVE COMPENSATION COMPANY AND PRESENTED TO THE EXECUTIVE COMPENSATION COMMITTEE FOR CONSIDERATION. FINAL DECISIONS, WHETHER THEY BE APPROVAL OR DENIAL, ARE MADE BY THE COMMITTEE. THE PROCESS WAS LAST UNDERTAKEN IN JUNE OF 2013. SPECIFIC MERIT INCREASES FOR INDIVIDUALS ARE BASED UPON THE EMPLOYEE MEETING AGREED UPON DEVELOPMENTAL GOALS, PERFORMANCE-BASED GOALS, BEHAVIORS AND ESSENTIAL FUNCTIONS OF THEIR JOB FOR THE FISCAL YEAR. THE MERIT PROCESS WAS LAST UNDERTAKEN IN APRIL OF 2013.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION PREPARES AN ANNUAL REPORT TO THE PUBLIC WHICH INCLUDES ITS STATEMENT OF REVENUES AND EXPENSES. ADDITIONALLY, ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY IS AVAILABLE UPON REQUEST. THE FINANCIAL STATEMENTS ARE AVAILABLE ON GUIDESTAR.ORG AS PART OF THE ANNUAL FORM 990 FILING.

Return Reference	Explanation
FORM 990, PART XI, LINE 9	TRANSFERS TO AFFILIATED ORGANIZATION -13,147,529 PENSION RELATED CHANGES OTHERE THAN NET PERIODIC COSTS 7,489,511 INTERCOMPANY RECEIPTS ELIMINATED IN CONSOLIDATION 317,359 ADENA VAC INCOME NOT INCLUDED IN AUDITED NET ASSETS 1,460 VAC WOMEN'S BOARD GRANT 220,621 COURT DIALYSIS K-1 ACTIVITY - BOOK TO TAX DIFFERENCE -47,132 NET ASSETS RELEASED FROM RESTRICTION 479,602 TEMPORARILY RESTRICTED EXPENDITURES - 70,403

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ADENA HEALTH SYSTEM

Employer identification number
31-4379443

Part I Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) ADENA MEDICAL GROUP LLC DEPT L637 COLUMBUS, OH 43260 27-1370967	HEALTHCARE PROVIDERS	OH	-42,653,888	6,957,362	ADENA HEALTH SYSTEM
(2) ADENA HOSPICE LLC 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 27-5340755	HEALTHCARE PROVIDERS	OH	-556,932	310,048	ADENA HEALTH SYSTEM
(3) ADENA HOME HEALTH 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 27-3752730	HEALTHCARE PROVIDERS	OH	-2,487,703	597,172	ADENA HEALTH SYSTEM
(4) ADENA HOME INFUSIONHOME RESPIRATORY 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 27-3752854	HEALTHCARE PROVIDERS	OH	-267,075	1,284,950	ADENA HEALTH SYSTEM
(5) ADENA PHARMACY 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 45-1138187	HEALTHCARE PROVIDERS	OH	-239,361	408,650	ADENA HEALTH SYSTEM

Part II Identification of Related Tax-Exempt Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) GREENFIELD AREA MEDICAL CETNER 550 MIRABEAU ST GREENFIELD, OH 45123 31-0993422	HOSPITAL	OH	501(C)(3)	3	ADENA HEALTH SYSTEM	Yes	
(2) ADENA HEALTH FOUNDATION 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 75-3008742	FUNDRAISING	OH	501(C)(3)	11A	ADENA HEALTH SYSTEM	Yes	
(3) SOUTHERN OHIO HEALTHCARE NETWORK 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 26-1566590	FIBEROPTIC NETWORK GRANTS	OH	501(C)(3)	11A	ADENA HEALTH SYSTEM	Yes	
(4) PIKE HEALTH SERVICES INC 100 DAWN LANE WAVERLY, OH 45690 31-1072406	HOSPITAL	OH	501(C)(3)	3	ADENA HEALTH SYSTEM	Yes	

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) ADENA CARE 272 HOSPITAL ROAD CHILLICOTHE, OH 45601 45-3980850	PROVIDE EMPLOYEE HEALTH INSURANCE	OH	ADENA HEALTH SYSTEM	C	1,150,428		100 000 %	Yes	

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on 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	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o	Yes	
1p	Yes	
1q		No
1r	Yes	
1s	Yes	

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

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

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

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
------------------	-------------

Additional Data

Software ID:

Software Version:

EIN: 31-4379443

Name: ADENA HEALTH SYSTEM

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
GREENFIELD AREA MEDICAL CENTER	R	380,947	BOOK VALUE
ADENA HEALTH FOUNDATION	B	776,741	CASH CONTRIBUTION
ADENA HEALTH FOUNDATION	C	733,285	GRANT/CASH RECEIVED
SOUTHERN OHIO HEALTHCARE NETWORK	P	145,038	BOOK VALUE
ADENA HEALTH FOUNDATION	O	294,472	TIMESHEET ALLOCATION
GREENFIELD AREA MEDICAL CENTER	O	7,548,857	TIMESHEET ALLOCATION
SOUTHERN OHIO HEALTHCARE NETWORK	S	1,257,628	BOOK VALUE
PIKE HEALTH SERVICES INC	O	10,462,176	TIMESHEET ALLOCATION
PIKE HEALTH SERVICES INC	R	12,033,297	BOOK VALUE

Adena Health System and Subsidiaries

**Consolidated Financial Report
with Additional Information
December 31, 2013**

Adena Health System and Subsidiaries

Contents

Report Letter	1-2
Consolidated Financial Statements	
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-38
Additional Information	39
Report Letter	40
Consolidating Balance Sheet	41-42
Consolidating Statement of Operations	43

Independent Auditor's Report

To the Board of Directors
Adena Health System and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Adena Health System and Subsidiaries (the "System"), which are comprised of the consolidated balance sheet as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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.

To the Board of Directors
Adena Health System and Subsidiaries

Opinion

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2014 on our consideration of Adena Health System and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adena Health System and Subsidiaries' internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 20, 2014

Adena Health System and Subsidiaries

Consolidated Balance Sheet

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 34,582,037	\$ 25,316,850
Short-term investments (Note 3)	47,129,988	51,062,414
Patient accounts receivable - Net (Note 3)	50,669,242	42,755,234
Notes and grants receivable - Current	5,549,545	2,882,172
Estimated third-party payor settlements (Note 7)	2,221,384	456,478
Prepaid expenses and other	12,235,893	11,822,063
Inventory	5,849,646	5,517,391
Total current assets	158,237,735	139,812,602
Assets Limited as to Use (Note 4)	130,578,462	118,367,446
Property and Equipment - Net (Note 5)	157,184,068	167,049,166
Indefeasible Right-of-use Asset (Note 6)	16,937,716	16,206,913
Other Assets		
Notes and grants receivable	2,768,101	2,028,147
Bond issue costs	3,263,619	3,401,662
Other noncurrent assets	4,345,823	5,029,845
Total assets	\$ 473,315,524	\$ 451,895,781
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 10)	\$ 3,901,586	\$ 7,184,913
Accounts payable	14,617,750	13,280,624
Accrued liabilities and other:		
Accrued compensation	21,270,840	18,896,765
Deferred compensation	4,575,000	4,300,000
Accrued interest	794,107	679,322
Other accrued liabilities	1,568,392	1,928,642
Total current liabilities	46,727,675	46,270,266
Long-term Debt and Capital Lease Obligations - Net of current portion (Note 10)	167,863,580	171,783,080
Defined Benefit Plan Liability (Note 11)	667,091	7,024,423
Other Liabilities	7,446,735	7,152,468
Total liabilities	222,705,081	232,230,237
Net Assets		
Unrestricted	246,916,012	216,366,824
Temporarily restricted (Note 13)	3,515,231	3,119,520
Permanently restricted (Note 13)	179,200	179,200
Total net assets	250,610,443	219,665,544
Total liabilities and net assets	\$ 473,315,524	\$ 451,895,781

Adena Health System and Subsidiaries

Consolidated Statement of Operations

	Year Ended	
	December 31, 2013	December 31, 2012
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	\$ 428,185,111	\$ 409,843,438
Provision for bad debts	(27,280,761)	(29,621,949)
Net patient service revenue less provision for bad debts	400,904,350	380,221,489
Other operating revenue	8,679,523	9,825,386
Net assets released from restrictions (Note 13)	481,461	247,731
Total unrestricted revenue, gains, and other support	410,065,334	390,294,606
Expenses		
Salaries and wages	185,252,658	177,853,876
Employee benefits and payroll taxes	42,835,390	47,238,574
Operating supplies and expenses	64,927,712	63,942,103
Professional services and consultant fees	3,978,165	6,475,328
Purchased services	39,918,054	39,278,863
Insurance	4,224,395	3,002,530
Utilities	4,914,145	4,725,608
Travel/Education	2,971,773	2,211,623
Repair, maintenance, and rental	18,209,578	20,042,295
Assessments	4,634,953	3,874,962
Depreciation and amortization	22,734,990	24,666,485
Interest expense	8,946,365	9,096,183
Total expenses (Note 15)	403,548,178	402,408,430
Operating Income (Loss)	6,517,156	(12,113,824)
Nonoperating Income		
Interest income and net realized gains (Note 4)	11,356,086	4,748,779
Unrealized gains on trading securities (Note 4)	2,014,520	6,280,310
Inherent contribution from acquisition of Pike Health Services, Inc. (Note 17)	-	5,178,966
Other income	993,607	681,447
Total nonoperating income	14,364,213	16,889,502
Excess of Revenue Over Expenses	20,881,369	4,775,678
Net Assets Released from Restriction for Purchase of Capital Assets	479,602	580,294
Pension-related Changes Other Than Net Periodic Cost	7,489,511	8,406,397
Grant Income (Note 6)	1,698,706	1,662,671
Increase in Unrestricted Net Assets	\$ 30,549,188	\$ 15,425,040

Adena Health System and Subsidiaries

Consolidated Statement of Changes in Net Assets

	Year Ended	
	December 31, 2013	December 31, 2012
Unrestricted Net Assets		
Excess of revenue over expenses	\$ 20,881,369	\$ 4,775,678
Pension-related changes other than net periodic cost	7,489,511	8,406,397
Grant income (Note 6)	1,698,706	1,662,671
Net assets released from restriction for purchase of capital assets (Note 13)	479,602	580,294
Increase in Unrestricted Net Assets	30,549,188	15,425,040
Temporarily Restricted Net Assets		
Restricted contributions	1,046,226	819,606
Restricted investment income	177,359	115,587
Net realized and unrealized gains on investments	133,189	103,015
Net assets released from restriction (Note 13)	(961,063)	(828,025)
Increase in Temporarily Restricted Net Assets	395,711	210,183
Permanently Restricted Net Assets		
Net realized and unrealized gains on investments	49,529	21,198
Net assets released from restriction	(49,529)	(21,198)
Change in Permanently Restricted Net Assets	-	-
Increase in Net Assets	30,944,899	15,635,223
Net Assets - Beginning of year	219,665,544	204,030,321
Net Assets - End of year	\$ 250,610,443	\$ 219,665,544

Adena Health System and Subsidiaries

Consolidated Statement of Cash Flows

	Year Ended	
	December 31, 2013	December 31, 2012
Cash Flows from Operating Activities		
Increase in net assets	\$ 30,944,899	\$ 15,635,223
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	22,734,990	24,666,485
Net realized gains on investments	(9,495,042)	(152,737)
Unrealized net gains on trading securities	(2,014,520)	(6,280,310)
Grant income	(1,698,706)	(1,662,671)
Inherent contribution from acquisition of Pike Health Services, Inc.	-	(5,178,966)
Provision for bad debts	27,280,761	29,621,949
Change in accrued pension costs	(6,357,332)	(5,999,652)
Changes in assets and liabilities that (used) provided cash:		
Accounts receivable	(35,194,769)	(23,281,247)
Other current assets	(2,928,805)	(8,576,675)
Other noncurrent assets	142,230	1,924,407
Accounts payable	1,337,126	382,699
Accrued liabilities	2,697,877	1,961,636
Estimated third-party payor settlements	(1,341,775)	433,275
Net cash provided by operating activities	26,106,934	23,493,416
Cash Flows from Investing Activities		
Purchase of property and equipment	(12,915,883)	(25,565,025)
Proceeds from sale of property and equipment	45,991	840,757
Purchase of investments	(81,998,310)	(78,949,237)
Proceeds from sale and maturities of investments	85,229,282	86,320,967
Cash acquired from business acquisition	-	181,508
Net cash used in investing activities	(9,638,920)	(17,171,030)
Cash Flows from Financing Activities		
Principal payment on long-term debt	(3,502,827)	(9,502,413)
(Payments) borrowings on line of credit	(3,700,000)	3,700,000
Net cash used in financing activities	(7,202,827)	(5,802,413)
Net Increase in Cash and Cash Equivalents	9,265,187	519,973
Cash and Cash Equivalents - Beginning of year	25,316,850	24,796,877
Cash and Cash Equivalents - End of year	\$ 34,582,037	\$ 25,316,850
Supplemental Cash Flow Information		
Cash paid for interest - Net of capitalized amounts	\$ 8,832,000	\$ 9,092,000
Grant income and intangible asset (Note 6)	1,698,706	1,662,671

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies

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

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

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

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

On January 1, 2010, Adena Health System created Adena Pharmacy, LLC (AP). AP is a disregarded entity with Adena Health System as its sole member. AP was formed to establish and operate a retail pharmacy within the Adena Health System, and it became operational on November 1, 2012.

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

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

On March 1, 2012, the System became the sole corporate member of Pike Health Services, Inc. (Pike). The System took operational control effective March 1, 2012 (see Note 17). In March 2012, the System deposited with U.S. Bank National Association, as trustee, an amount sufficient to pay the principal of and interest (1997 - \$2,612,132, 1999 - \$2,012,635) on the County of Pike, Ohio Hospital Facilities Revenue Bonds, Series 1997 (Pike Health Services, Inc. Project) and the County of Pike, Ohio Hospital Facilities Revenue Bonds, Series 1999 (Pike Health Services, Inc.) (collectively, the "Bonds") due on April 9, 2012 upon the optional redemption of the Bonds. Pursuant to the Trust Indenture dated as of July 1, 1997, as amended and supplemented (the "Indenture"), between the County of Pike, Ohio and the trustee, upon due notice to the bondholders, the Bonds were redeemed on April 9, 2012.

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

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

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the 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 in the period they are determined to be uncollectible.

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

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

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

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

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

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

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

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

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

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources in total was \$428,669,111 and \$409,843,438 for the years ended December 31, 2013 and 2012, respectively. These amounts are made up of amounts from third-party payors of \$401,395,551 and \$379,719,366 as of December 31, 2013 and 2012, respectively and amounts from self-pay payors of \$27,273,560 and \$30,124,072 for the years ended December 31, 2013 and 2012, respectively.

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the System's total operating expenses divided by gross patient service revenue. The System estimates that it provided approximately \$17,018,000 and \$23,816,000 of services to indigent patients during 2013 and 2012, respectively. The System received approximately \$4,923,000 and \$6,031,000 in net distributions from the Ohio Medicaid HCAP program during 2013 and 2012, respectively.

Litigation - The System is exposed to litigation arising in the course of business. The System has purchased excess coverage for these claims in excess of its self-insured retention. Settled claims related to the coverage have not exceeded the amount of insurance coverage in 2013 or 2012. The System accrues an estimate of the ultimate expense, including litigation and settlement expense, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end.

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

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

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

Electronic Health Record Technology (EHR) - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The System may receive an incentive payment for up to four years, provided that the System demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenues from the incentive payments are recognized over the EHR reporting period when there is reasonable assurance that the System will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenues as the incentive payments are related to the System's ongoing and central activities, yet not critical to the delivery of patient service.

The System attested to the Centers for Medicare and Medicaid Services (CMS) that it had met the first stage of meaningful use criteria. The incentive payments were recognized as income within other operating revenue in the amount of \$3,956,000 and \$4,851,000 during 2013 and 2012, respectively.

Tax Status - With the exception of Adena Pharmacy, LLC and Adena Care, Inc. d/b/a Adena Health Plan, Adena Health System and its other subsidiaries are nonprofit, tax-exempt entities. Adena Pharmacy, LLC, and Adena Care, Inc. d/b/a Adena Health Plan all recorded operating losses and will file IRS 1120 reports by the applicable due date. Southern Ohio Health Care Network, Inc. is currently in the process of applying for tax-exempt status. It will continue to file the IRS 990 report, unless the exemption is denied. Because of the minimal operating losses of Southern Ohio Healthcare Network, Inc., Adena Pharmacy, LLC, and Adena Care, Inc., no tax provision nor net operating loss carryforward deferred assets are reflected in the consolidated financial statements. The Internal Revenue Service has determined that the System is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

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 the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the System and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to December 31, 2010.

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

- **Cash and Cash Equivalents** - The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates its fair value.
- **Assets Limited as to Use** - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.
- **Short-term Investments** - These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the consolidated balance sheet is fair value.
- **Accounts Payable and Accrued Expenses** - The carrying amount reported in the consolidated balance sheet for accounts payable and accrued expenses approximates its fair value.
- **Cost Report Settlements Payable** - The carrying amount reported in the consolidated balance sheet for estimated cost report settlements payable approximates their fair value.
- **Long-term Debt** - The fair value of the System's long-term debt is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. See Note 10.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including March 20, 2014, which is the date that the consolidated financial statements were available to be issued.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 2 - Cash in Excess of Insured Limits

The System and its subsidiaries maintain cash and investment balances at several financial institutions located in the vicinity of Chillicothe, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of December 31, 2013 and 2012, the consolidated uninsured cash balances total approximately \$31,892,000 and \$7,084,000, respectively.

The Federal Deposit Insurance Corporation (FDIC) implemented a transaction account guarantee program for all noninterest-bearing checking accounts and some interest-bearing checking accounts with interest rates of 0.50 percent or less per year. This program is effective for the period from October 3, 2008 through December 31, 2012. The program was not renewed, and as a result, balances in these accounts are uninsured effective January 1, 2013. The System's cash balance for participating funds at December 31, 2012 was approximately \$16,000,000, which is fully guaranteed by the FDIC.

Note 3 - Accounts Receivable

The details of patient accounts receivable are set forth below:

	2013	2012
Patient accounts receivable	\$ 169,431,242	\$ 153,878,234
Less allowance for uncollectible accounts	(46,070,000)	(39,935,000)
Less allowance for contractual adjustments	(72,692,000)	(71,188,000)
Net patient accounts receivable	<u>\$ 50,669,242</u>	<u>\$ 42,755,234</u>

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

	Percent	
	2013	2012
Medicare	28 %	31 %
Medicaid	8	12
Commercial insurance and other	61	54
Self-pay	3	3
Total	<u>100 %</u>	<u>100 %</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 3 - Accounts Receivable (Continued)

The System's allowance for doubtful accounts for self-pay patients is 97 percent of self-pay accounts receivable at both December 31, 2013 and 2012, respectively. The System's charity policies were approved in December 2013 and became effective in January 2014. The System does not maintain a significant allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

Note 4 - Investments

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2013 and 2012 is set forth in the following table:

	2013	2012
Internally designated for capital acquisition and professional liability self-insurance trust:		
Money market accounts	\$ 633,781	\$ 740,355
Common stock	248,143	207,808
Mutual funds	116,364,725	102,928,823
Corporate bonds	1,585,010	1,486,093
Total	118,831,659	105,363,079
Held by trustee under indenture agreement for certain bond indebtedness principal and interest payments -		
Money market accounts	11,746,803	13,004,367
Total assets limited as to use	<u>\$ 130,578,462</u>	<u>\$ 118,367,446</u>

Short-term Investments

Other investments with maturities less than 270 days, stated at fair value as determined by quoted market prices at December 31, 2013 and 2012, include the following:

	2013	2012
U.S. corporate bonds	\$ 47,129,988	\$ 35,006,277
Commercial paper	-	16,056,137
Total other investments	<u>\$ 47,129,988</u>	<u>\$ 51,062,414</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 4 - Investments (Continued)

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended December 31, 2013 and 2012:

	2013	2012
Interest income	\$ 1,861,044	\$ 4,596,042
Net realized gains on sales of securities	9,495,042	152,737
Net unrealized gains on securities	2,014,520	6,280,310
Total income	<u>\$ 13,370,606</u>	<u>\$ 11,029,089</u>

Note 5 - Property and Equipment

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

	2013	2012	Depreciable Life - Years
Land	\$ 3,485,204	\$ 3,485,204	-
Land improvements	6,765,009	6,765,009	5-25
Buildings and improvements	176,695,500	175,084,849	5-40
Equipment	204,275,589	198,351,819	5-20
Construction in progress	1,398,756	1,265,245	-
Total cost	392,620,058	384,952,126	
Accumulated depreciation	<u>(235,435,990)</u>	<u>(217,902,960)</u>	
Net property and equipment	<u>\$ 157,184,068</u>	<u>\$ 167,049,166</u>	

Depreciation on property and equipment totaled approximately \$21,944,000 and \$23,977,000 in 2013 and 2012, respectively.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 6 - Indefeasible Right-of-use Asset

During 2009, SOHCN received an award from the Federal Communications Commission (FCC) to develop a sustainable broadband healthcare network open to all providers in the southern Ohio service area. The award from the FCC was for a total of \$15,765,417, which represented approximately 85 percent of the total contract value of the broadband fiber to be installed, with the remaining 15 percent being a required contribution from the System. At the same time, SOHCN entered into a contract with a broadband partner for that partner to install and maintain the broadband fiber network. The agreement stipulated that the broadband partner would own the fiber, but that SOHCN would have an indefeasible right of use of the asset for the next 40 years. All funds from the FCC are to be paid directly to the broadband partner upon approval of fiber construction by the System. During 2011, the broadband partner began installing the fiber with a total cost of \$15,562,000 as of December 31, 2011. Additional costs incurred and capitalized in 2013 and 2012 totaled \$1,479,562 and \$1,442,683, respectively. The asset will be amortized over its estimated useful life of 24 years; amortization commenced in November 2011, with amortization expense totaling \$748,759 and \$689,700 for the years ended December 31, 2013 and 2012, respectively. The System recognized \$1,257,600 and \$1,226,300 of the award into grant income in 2013 and 2012, respectively, which is a portion of the total grant income for the System.

Note 7 - Estimated Third-party Settlements

Approximately 37 percent of the System's net revenue from patient services is received from the Medicare and Medicaid programs. The System has agreements with these payors that provide for reimbursement to the System at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the System's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with these third-party payors is as follows:

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 7 - Estimated Third-party Settlements (Continued)

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

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

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

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

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

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

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

RAC Audits - The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential significant overpayments. The RAC program began for Ohio in 2009. The System has been audited during 2013 and a liability has been accrued within estimated third-party settlements based on written notice of the RAC audit take-backs of Medicare-reimbursed claims. If selected for further audits, the potential exists for significant overpayment of claims liability. The System is unable to determine the extent of any overpayments or underpayments and resultant liabilities or assets for future audits, if any.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 8 - Medical Malpractice Claims

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

The System has been insured with various providers. The System added coverage for integrated (employed) physicians to its policy in 1998, sharing primary limits of \$1,000,000 per incident and \$3,000,000 per aggregate. Beginning with the 2000-2001 policy year, the physicians were covered under a separate occurrence policy with individual limits for each physician of \$1,000,000 per occurrence and \$3,000,000 in aggregate. The coverages for the system and physicians were occurrence-based until 2005, at which time the System became insured on a claims-made basis.

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

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

At December 31, 2013, the System's management accrued its best estimate of the costs for claims arising prior to December 31, 2013. Based on changes to generally accepted accounting principles, System management has estimated the ultimate costs, if any, to settle these claims through an actuarial valuation and has accordingly allowed for them in the accrual for professional liability claims of approximately \$9,000,000 and \$9,100,000 for the years ended December 31, 2013 and 2012, respectively. In addition, the System has estimated a receivable from its insurance carrier for payment of those claims. The receivable is estimated at \$600,000 and \$1,700,000 for the years ended December 31, 2013 and 2012, respectively. The System is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits.

Note 9 - Self-insured Benefits

The System is partially self-insured under a plan covering substantially all employees for health benefits. The plan is covered by a stop-loss policy that covers claims over \$175,000 per employee annually in 2013 and 2012, or total claims in excess of approximately \$31,808,000 and \$24,738,000 in 2013 and 2012, respectively. Claims and expenses charged to operations when incurred were approximately \$20,162,000 and \$22,260,000 for the years ended December 31, 2013 and 2012, respectively.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 10 - Long-term Debt

A summary of long-term debt obligations at December 31, 2013 and 2012 is as follows:

	2013	2012
County of Ross, Ohio, Hospital Facilities Revenue Bonds 2010 (maturing in December 2037)	\$ 28,542,678	\$ 29,386,037
County of Ross, Ohio, Hospital Facilities Revenue Bonds 2008 (maturing in December 2038)	137,725,000	139,600,000
County of Ross, Ohio, Hospital Facilities Revenue Bonds 1998 (maturing in December 2023)	4,430,000	4,770,000
Commercial Revolving Line of Credit (paid in October 2013)	-	3,700,000
Capital lease obligations for equipment purchases	1,067,488	1,511,956
Total	171,765,166	178,967,993
Less current portion	3,901,586	7,184,913
Long-term portion	\$ 167,863,580	\$ 171,783,080

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 10 - Long-term Debt (Continued)

In July 2008, the System entered into an advance refunding plan with the County of Ross, Ohio (Ross County), in which Ross County issued \$142,970,000 of Hospital Facilities Revenue Refunding and Improvement Bonds (Series 2008 Bonds). The Series 2008 Bonds were issued for the purpose of refinancing previously issued debt and financing the acquisition, construction, renovation, and equipping of certain facilities. The debt matures in increasing semiannual principal payments beginning in 2009 through 2038. The interest rate per year ranges from 3.90 percent to 5.75 percent over the life of the bonds. The System has obtained bond insurance for a portion of the Series 2008 Bonds over the life of the bonds.

In September 1998, the System entered into an agreement with Ross County in which Ross County issued \$8,175,000 of Hospital Facilities Revenue Bonds (Series 1998 Bonds) to (1) pay the costs of acquisition and construction of various improvements to the System, including the 60,000-square foot expansion of a medical office building to provide additional physicians' offices and hospital services and renovation of the women's and maternity unit, (2) pay the cost of acquisition and installation of certain movable equipment and a management information system, and (3) pay certain eligible expenses associated with the issuance of the Series 1998 Bonds. The bonds are secured by an irrevocable letter of credit issued by PNC Bank. The bonds are remarketed weekly and bear interest at variable market rates (0.13 percent at both December 31, 2013 and 2012, respectively). Should the remarketing agent fail to remarket the bonds, funds would be drawn on the letter of credit to pay the bonds. The System is under no obligation to repay draws on the letter of credit until the 368th day after the occurrence of such draw. The letter of credit expires on October 15, 2016, at which time the System would become liable for draws on the letter of credit, if any.

The System borrowed \$3,700,000 on its \$12,000,000 revolving line of credit with PNC Bank during 2012. Interest payments are due monthly and the interest rate is the monthly LIBOR plus 1 percent. At December 31, 2012, the interest rate on the line of credit was 1.21 percent. The line of credit was repaid in October 2013.

Interest expense on all indebtedness totaled \$8,832,000 in 2013 and \$9,096,000 in 2012. Cash paid for interest amounted to approximately \$8,820,000 and \$9,092,000 for 2013 and 2012, respectively.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 10 - Long-term Debt (Continued)

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

The terms of the lease and the indenture of trust between Ross County, the System, and the trustee provide for the establishment and maintenance of certain funds under the control of the trustee into which the System is to make regular payments sufficient to cover principal and interest on the Series 1998, 2008, and 2010 Bonds. The balances of these funds as of December 31, 2013 and 2012 are reflected in the accompanying consolidated financial statements as assets limited as to use. In addition, the System is required to comply with certain financial and other restrictive covenants related to these bonds.

The fair value of the System's long-term debt for the Series 1998 and 2008 Bonds and for the revolving line of credit with PNC, estimated using discounted cash flow analysis based on the System's current incremental borrowing rates for similar obligations, totals approximately \$151,159,000 and \$164,786,000 as of December 31, 2013 and 2012, respectively. The fair value of the System's Series 2010 Bonds cannot be determined. Management has determined that there is not an available market for such debt in order to determine fair value.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 10 - Long-term Debt (Continued)

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

Years Ending December 31	Bonds	Capital Lease Obligations
2014	\$ 3,495,454	\$ 425,915
2015	3,646,511	425,915
2016	3,803,352	245,739
2017	3,971,002	-
2018	4,064,483	-
Thereafter	151,716,876	-
Total	170,697,678	1,097,569
Less amount representing interest under capital lease obligations	-	(30,081)
Net	<u>\$ 170,697,678</u>	<u>\$ 1,067,488</u>

The cost of equipment under capital lease is \$13,813,000 and \$13,659,000 as of December 31, 2013 and 2012, respectively. Accumulated amortization on the equipment totaled approximately \$11,901,000 and \$11,051,000 as of December 31, 2013 and 2012, respectively.

Note 11 - Defined Benefit Plan

The System sponsors a defined benefit pension plan.

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 11 - Defined Benefit Plan (Continued)

	Pension Benefits	
	2013	2012
Obligations and funded status:		
Benefit obligation at beginning of year	\$ 57,727,289	\$ 61,570,001
Service cost	80,254	47,566
Interest cost	2,306,360	2,736,918
Plan settlements	-	(3,783,107)
Benefits paid	(2,454,165)	(881,626)
Actuarial gains	(4,990,657)	(1,946,644)
Expenses	(16,825)	(15,819)
Benefit obligation at end of year	52,652,256	57,727,289
Change in plan assets:		
Fair value of plan assets at beginning of year	50,702,866	48,545,933
Actual return on plan assets	3,416,416	5,739,098
Employer contributions	336,873	1,098,387
Plan settlements	-	(3,783,107)
Benefits paid	(2,454,165)	(881,626)
Expenses	(16,825)	(15,819)
Fair value of plan assets at end of year	51,985,165	50,702,866
Funded status at end of year	\$ (667,091)	\$ (7,024,423)

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

	Pension Benefits	
	2013	2012
Net loss	\$ (15,482,325)	\$ (22,963,459)
Prior service cost	(61,942)	(70,319)
Total	\$ (15,544,267)	\$ (23,033,778)

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 11 - Defined Benefit Plan (Continued)

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

	Pension Benefits	
	2013	2012
Projected benefit obligation	\$ 52,652,256	\$ 57,727,289
Accumulated benefit obligation	52,648,726	57,716,065
Fair value of plan assets	51,985,165	50,702,866

	Pension Benefits	
	2013	2012
Net Periodic Benefit Cost, Employer Contributions, Participant Contributions, and Benefits Paid		
Net periodic benefit cost	\$ 1,469,054	\$ 3,505,139
Employer contributions	336,873	1,098,394
Benefits paid	2,454,165	881,626

	Pension Benefits	
	2013	2012
Net Periodic Benefit Cost		
Service cost	\$ 80,254	\$ 47,566
Interest cost	2,306,360	2,736,918
Expected return on plan assets	(2,703,107)	(2,769,498)
Amortization of prior service cost	8,377	(8,146)
Settlement gain recognized	-	1,504,890
Amortization of net gain	1,777,170	1,993,409
Total recognized in net periodic benefit cost	<u>\$ 1,469,054</u>	<u>\$ 3,505,139</u>

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized into net periodic benefit cost over the next fiscal year are \$1,160,205.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 11 - Defined Benefit Plan (Continued)

Assumptions

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

	Pension Benefits	
	2013	2012
Discount rate	5.07 %	4.11 %
Rate of compensation increase	3.00	3.00

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

	Pension Benefits	
	2013	2012
Discount rate	4.11 %	4.53 %
Expected long-term return on plan assets	5.95	5.65
Rate of compensation increase	3.00	4.00

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

Pension Plan Assets

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

The System's overall investment strategy is to achieve a mix of approximately 65 percent of investments in fixed-income securities and 35 percent in equity securities in 2013 and 2012, respectively.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 11 - Defined Benefit Plan (Continued)

The fair values of the System's pension plan assets at December 31, 2013 and 2012 by major asset classes are as follows:

Fair Value Measurements at December 31, 2013

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments (a)	\$ 219,864	\$ 219,864	\$ -	\$ -
Mutual funds - Equity securities (b):				
Mercer emerging markets	364,483	-	364,483	-
U.S. large-cap passive funds	10,499,970	-	10,499,970	-
U.S. small-/mid-cap growth funds	1,346,448	-	1,346,448	-
U.S. small-/mid-cap value funds	1,342,356	-	1,342,356	-
Non-U.S. core funds	5,027,905	-	5,027,905	-
Mutual funds - Fixed-income funds (c):				
U.S. core opportunistic funds	4,188,530	-	4,188,530	-
Opportunistic fixed income	247,130	-	247,130	-
U.S. passive funds	13,170,365	-	13,170,365	-
Long-duration active funds	13,240,012	-	13,240,012	-
Long-duration passive funds	2,338,102	-	2,338,102	-
Total	\$ 51,985,165	\$ 219,864	\$ 51,765,301	\$ -

Fair Value Measurements at December 31, 2012

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments (a)	\$ 179,526	\$ 179,526	\$ -	\$ -
Mutual funds - Equity securities (b):				
Mercer emerging markets	375,763	-	375,763	-
Large-cap growth funds	3,204,755	-	3,204,755	-
Large-cap value funds	3,308,100	-	3,308,100	-
U.S. large-cap passive funds	3,593,702	-	3,593,702	-
U.S. small-/mid-cap growth funds	1,245,087	-	1,245,087	-
U.S. small-/mid-cap value funds	1,329,516	-	1,329,516	-
Non-U.S. core funds	4,843,961	-	4,843,961	-
Mutual funds - Fixed-income funds (c):				
U.S. core opportunistic fund	4,066,866	-	4,066,866	-
U.S. passive fund	4,865,190	-	4,865,190	-
Long-duration active fund	15,699,628	-	15,699,628	-
Long-duration passive fund	7,990,772	-	7,990,772	-
Total	\$ 50,702,866	\$ 179,526	\$ 50,523,340	\$ -

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 11 - Defined Benefit Plan (Continued)

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

The tables above present information about the defined benefit plan assets measured at fair value at December 31, 2013 and 2012 and the valuation techniques used by the System to determine those fair values.

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

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

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

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

Cash Flow

Contributions

As the System has already met their funding requirements as of December 31, 2013, they do not expect to contribute anything additional to the plan in 2014. Additional discretionary contributions may be made upon further analysis of the retirement plan during the course of the year.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 11 - Defined Benefit Plan (Continued)

Estimated Future Benefit Payments

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

Years Ending December 31	Pension Benefits
2014	\$ 2,895,820
2015	3,552,713
2016	3,185,229
2017	3,742,190
2018	3,703,958
2019-2023	20,439,205

Note 12 - Retirement Plan

The System maintains a contributory defined contribution plan 403(b) and a retirement savings plan 401(a) for qualified employees who meet certain service requirements.

The System's contributions to the retirement savings plan 401(a) are board-determined and can range from 3 percent to 6 percent of participants' base compensation. The related matching program currently funds 50 percent of employees' contributions, from the related 403(b) plan, up to a maximum of 6 percent of the employee's gross compensation. For the years ended December 31, 2013 and 2012, the retirement savings expense and the related match aggregated approximately \$6,175,000 and \$5,942,000, respectively.

Note 13 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2013 and 2012:

	2013	2012
Purchase of equipment	\$ 1,334,298	\$ 1,206,473
Indigent care	921,747	778,549
Supplies	613,504	599,644
Healthcare education	483,414	352,090
Research	36,996	46,700
Community benefit	125,272	136,064
Total temporarily restricted	<u>\$ 3,515,231</u>	<u>\$ 3,119,520</u>

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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

Permanently restricted net assets at December 31, 2013 and 2012 are restricted to the following:

	2013	2012
Investments to be held in perpetuity, the income from which is expendable to support the purchase of equipment or supplies	\$ 179,200	\$ 179,200

During 2013 and 2012, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of health education and purchase of equipment in the amounts of \$961,063 and \$828,025, respectively.

Note 14 - Operating Leases

The System is obligated under certain operating leases, primarily for medical office space and various medical equipment. Total rent expense under these leases was approximately \$5,410,000 and \$6,719,000 for the years ended December 31, 2013 and 2012, respectively.

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

Future minimum rental commitments are approximated as follows:

Years Ending December 31	Amount
2014	\$ 7,678,287
2015	7,403,860
2016	6,297,868
2017	1,769,274
2018	422,076
Thereafter	2,180,726
Total	\$ 25,752,091

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 15 - Functional Expenses

The System is a general acute-care facility that provides inpatient and outpatient healthcare services to patients in Ross County and the surrounding vicinity. Expenses related to providing these services for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Healthcare services	\$ 351,974,721	\$ 350,980,633
General and administrative	51,573,457	51,427,797
Total	<u>\$ 403,548,178</u>	<u>\$ 402,408,430</u>

Note 16 - Fair Value

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

The following tables present information about the System's assets measured at fair value on a recurring basis at December 31, 2013 and 2012 and the valuation techniques used by the System to determine those fair values.

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

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

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

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 16 - Fair Value (Continued)

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

Assets Measured at Fair Value on a Recurring Basis at December 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Short-term investments -				
U.S. corporate bonds (a)	\$ -	\$ 47,129,988	\$ -	\$ 47,129,988
Assets limited as to use:				
Money market accounts	12,380,584	-	-	12,380,584
Common stock	248,143	-	-	248,143
Corporate bonds (a)	-	1,585,010	-	1,585,010
Fixed income - Core opportunistic fixed income (b)	81,207	16,434,036	-	16,515,243
Fixed income - Mercer opportunistic (b)	-	3,210,615	-	3,210,615
Passive fixed income (b)	-	39,492,954	-	39,492,954
Large-cap growth equity (c)	225,894	259,368	-	485,262
Large-cap value equity (c)	99,219	283,449	-	382,668
Large-cap passive equity (c)	-	27,127,308	-	27,127,308
Small-/Mid-cap growth equity (c)	158,065	3,484,683	-	3,642,748
Small-/Mid-cap value equity (c)	-	3,447,881	-	3,447,881
Non-U.S. equity (d)	102,995	20,647,886	-	20,750,881
Emerging markets equity (d)	-	1,309,165	-	1,309,165
Total assets limited as to use	13,296,107	117,282,355	-	130,578,462
Total assets	\$ 13,296,107	\$ 164,412,343	\$ -	\$ 177,708,450

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 16 - Fair Value (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Short-term investments:				
U.S. corporate bonds (a)	\$ -	\$ 35,006,277	\$ -	\$ 35,006,277
Commercial paper	16,056,137	-	-	16,056,137
Total short-term investments	16,056,137	35,006,277	-	51,062,414
Assets limited as to use:				
Money market accounts	13,744,722	-	-	13,744,722
Common stock	207,808	-	-	207,808
Corporate bonds (a)	-	1,486,093	-	1,486,093
Fixed income - Core opportunistic fixed income (b)	2,294,812	30,885,423	-	33,180,235
Passive fixed income (b)	-	22,075,431	-	22,075,431
Large-cap growth equity (c)	360,088	6,343,871	-	6,703,959
Large-cap value equity (c)	276,586	6,651,578	-	6,928,164
Large-cap passive equity (c)	-	10,693,823	-	10,693,823
Small-/Mid-cap growth equity (c)	154,160	2,933,452	-	3,087,612
Small-/Mid-cap value equity (c)	40,400	2,916,419	-	2,956,819
Non-U.S. equity (d)	88,862	16,021,078	-	16,109,940
Emerging markets equity (d)	-	1,192,840	-	1,192,840
Total assets limited as to use	\$ 17,167,438	\$ 101,200,008	\$ -	\$ 118,367,446
Total assets	\$ 33,223,575	\$ 136,206,285	\$ -	\$ 169,429,860

- (a) This class invests primarily in fixed-income, corporate bond securities with a maturity of less than one year.
- (b) This class invests primarily in U.S. dollar-denominated investment-grade and government securities, U.S. high-yield, non-U.S. bonds, and TIPS.
- (c) This asset class invests primarily in common stock of large-cap and small- to midsized companies in the U.S.
- (d) This asset class invests in companies operating in developed and emerging markets outside the U.S.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 16 - Fair Value (Continued)

The System holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. The fair value of the mutual funds at December 31, 2013 and 2012 was determined based primarily on Level 2 inputs. The fair value of the Level 2 securities at December 31, 2013 and 2012 was determined based primarily on quoted prices from the System's custodian bank.

The investments measured on net asset value per share (or its equivalent) of the investment company do not have unfunded commitments or redemption periods. The System has the ability to conduct transactions related to these funds at any time. The System's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no transfers between levels for the years ended December 31, 2013 and 2012.

Note 17 - Business Combination

On March 1, 2012, Adena Health System entered into an affiliation agreement with Pike Health Services, Inc. (Pike) to become the sole member of Pike. The affiliation agreement resulted in the System acquiring all the assets and assuming all the liabilities of Pike. There was no consideration paid by the System.

The purpose of the transaction is to enhance healthcare services to the communities both parties serve and to deliver a more comprehensive and cost-effective range of services to the South Central Ohio communities served by these organizations. This will ensure better access to healthcare services, eliminate duplicate services and technologies, and provide patients with integrated access to high-quality services.

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 17 - Business Combination (Continued)

The following represents a summary of the fair value of assets acquired and liabilities assumed in the transaction.

Assets acquired:

Cash	\$ 181,508
Investments	1,230,462
Patient accounts receivable	2,934,732
Inventory	256,814
Property and equipment	7,960,986
Ground lease asset	2,100,000
Other assets	<u>276,555</u>

Total assets acquired	14,941,057
-----------------------	------------

Liabilities assumed:

Accounts payable	2,440,294
Other accrued liabilities	1,470,609
Long-term debt	<u>5,851,188</u>

Total liabilities assumed	<u>\$ 9,762,091</u>
---------------------------	---------------------

Net identifiable assets acquired and liabilities assumed	\$ 5,178,966
--	--------------

Net identifiable assets acquired and liabilities assumed in excess of consideration paid	5,178,966
--	-----------

Contribution	5,178,966
--------------	-----------

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 17 - Business Combination (Continued)

Supplemental pro forma information of the combined entities as of and for the year ended December 31, 2011 and as of February 29, 2012 and for the period from January 1, 2012 through February 29, 2012 is shown below:

	Year Ended December 31, 2011	Two Month Period Ended February 29, 2012
Statement of Operations		
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	\$ 400,783,280	\$ 72,466,579
Provision for bad debts	(37,813,367)	(7,573,713)
Net patient service revenue less provision for bad debts	362,969,913	64,892,866
Other operating revenue	3,629,924	1,904,936
Net assets released from restrictions	66,319	-
Total unrestricted revenue, gains, and other support	366,666,156	66,797,802
Expenses		
Salaries and wages	170,386,621	28,612,197
Employee benefits and payroll taxes	44,307,424	7,735,815
Operating supplies and expenses	63,656,233	10,037,257
Professional services and consultant fees	3,365,863	816,972
Purchased services	36,602,124	6,687,217
Insurance	3,066,517	1,239,240
Utilities	4,768,174	829,329
Travel/Education	2,013,630	-
Repairs, maintenance, and rental	17,783,571	3,941,477
Assessments	3,221,239	666,967
Depreciation and amortization	19,939,313	3,607,295
Interest expense	9,504,496	1,611,530
Total expenses	378,615,205	65,785,296
Operating (Loss) Income	(11,949,049)	1,012,506
Other Income (Expenses)		
Interest income and net realized gains	6,138,918	241,028
Change in unrealized (losses) gains on trading securities	(4,261,231)	6,016
Other income	768,123	5,171,419
Total other income	2,645,810	5,418,463
Excess of Revenue (Under) Over Expenses	(9,303,239)	6,430,969
Net Assets Released from Restriction for Capital Assets	726,391	-
Pension-related Changes Other Than Net Periodic Cost	(2,658,994)	-
Grant Income	13,227,700	-
Increase in Unrestricted Net Assets	1,991,858	6,430,969
Changes in Temporarily Restricted Net Assets		
Temporarily restricted income	842,256	101,063
Net assets released from restrictions	(792,710)	-
Increase in Temporarily Restricted Net Assets	49,546	101,063
Changes in Permanently Restricted Net Assets		
Permanently restricted income	4,579	-
Net assets released from restrictions	(4,579)	-
Change in Permanently Restricted Net Assets	-	-
Increase in Net Assets	\$ 2,041,404	\$ 6,532,032

Adena Health System and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Note 17 - Business Combination (Continued)

From the date of acquisition through December 31, 2012, revenues of Pike recorded within the consolidated financial statements are \$15,355,788. Earnings of Pike from the date of acquisition through December 31, 2012 are \$5,859,824, which include the inherent contribution of \$5,178,966.

Additional Information

Independent Auditor's Report on Additional Information

To the Board of Directors
Adena Health System and Subsidiaries

We have audited the consolidated financial statements of Adena Health System and Subsidiaries as of and for the years ended December 31, 2013 and 2012. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations are presented for the purpose of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual companies and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

March 20, 2014

Adena Health System and Subsidiaries

Consolidating Balance Sheet December 31, 2013

	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Southern Ohio Health Care Network, Inc	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Adena Pharmacy	Adena Pike Community Hospital	Eliminating Entries	Total
Assets											
Current Assets											
Cash and cash equivalents	\$ 33,032,139	\$ 6,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,543,634	\$ -	\$ 34,582,037
Short-term investments	47,127,255	2,733	-	-	-	-	-	-	-	-	47,129,988
Patient accounts receivable - Net	38,936,566	2,007,449	-	-	5,754,061	1,442,738	-	-	2,528,428	-	50,669,242
Notes and grants receivable - Current	4,335,029	-	-	-	1,203,301	-	-	-	11,215	-	5,549,545
Estimated third-party payor settlements	2,376,253	(308,740)	-	-	-	-	-	-	153,871	-	2,221,384
Prepaid expenses and other Inventory	10,280,125	484,687	-	-	-	-	-	-	1,471,081	-	12,235,893
	4,259,864	173,267	-	-	-	749,435	-	327,483	339,597	-	5,849,646
Other current assets	6,139,145	-	82,898	-	-	-	-	-	-	(6,222,043)	-
Total current assets	146,486,376	2,365,660	82,898	-	6,957,362	2,192,173	-	327,483	6,047,826	(6,222,043)	158,237,735
Assets Limited as to Use	125,793,671	1,040,578	3,744,213	-	-	-	-	-	-	-	130,578,462
Property and Equipment - Net	147,781,253	2,699,289	-	-	-	-	-	81,167	6,622,359	-	157,184,068
Indefeasible Right-of-use Asset	-	-	-	16,937,716	-	-	-	-	-	-	16,937,716
Other Assets											
Notes and grants receivable	2,768,101	-	-	-	-	-	-	-	-	-	2,768,101
Bond issue costs	3,263,619	-	-	-	-	-	-	-	-	-	3,263,619
Other noncurrent assets	1,762,790	-	321,862	-	-	-	-	-	2,261,171	-	4,345,823
Total assets	\$ 427,855,810	\$ 6,105,527	\$ 4,148,973	\$ 16,937,716	\$ 6,957,362	\$ 2,192,173	\$ -	\$ 408,650	\$ 14,931,356	\$ (6,222,043)	\$ 473,315,524

Adena Health System and Subsidiaries

Consolidating Balance Sheet (Continued) December 31, 2013

	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Southern Ohio Health Care Network, Inc.	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Adena Pharmacy	Adena Pike Community Hospital	Eliminating Entries	Total
Liabilities and Net Assets (Deficit)											
Current Liabilities											
Current portion of long-term debt	\$ 3,900,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 907	\$ -	\$ 3,901,586
Accounts payable	13,728,689	317,798	2,099	7,000	181,616	66,470	4,186	-	309,892	-	14,617,750
Other current liabilities	-	-	-	3,762,986	-	-	1,622,206	836,851	-	(6,222,043)	-
Accrued liabilities and other											
Accrued compensation	12,210,059	489,523	16,155	-	7,460,414	354,131	37,967	16,074	686,517	-	21,270,840
Deferred compensation	4,575,000	-	-	-	-	-	-	-	-	-	4,575,000
Accrued interest	793,340	767	-	-	-	-	-	-	77,515	-	794,107
Other accrued liabilities	1,490,877	-	-	-	-	-	-	-	-	-	1,568,392
Total current liabilities	36,698,644	808,088	18,254	3,769,986	7,642,030	420,601	1,664,359	852,925	1,074,831	(6,222,043)	46,727,675
Long-term Debt and Capital Lease Obligations - Net of current portion	167,863,580	-	-	-	-	-	-	-	-	-	167,863,580
Defined Benefit Plan Liability	667,091	-	-	-	-	-	-	-	-	-	667,091
Other Liabilities	7,446,735	-	-	-	-	-	-	-	-	-	7,446,735
Total liabilities	212,676,050	808,088	18,254	3,769,986	7,642,030	420,601	1,664,359	852,925	1,074,831	(6,222,043)	222,705,081
Net Assets (Deficit)											
Unrestricted	214,197,554	4,254,325	2,461,608	13,167,730	(684,668)	1,771,572	(1,664,359)	(444,275)	13,856,525	-	246,916,012
Temporarily restricted	982,206	863,914	1,669,111	-	-	-	-	-	-	-	3,515,231
Permanently restricted	-	179,200	-	-	-	-	-	-	-	-	179,200
Total net assets (deficit)	215,179,760	5,297,439	4,130,719	13,167,730	(684,668)	1,771,572	(1,664,359)	(444,275)	13,856,525	-	250,610,443
Total liabilities and net assets (deficit)	\$ 427,855,810	\$ 6,105,527	\$ 4,148,973	\$ 16,937,716	\$ 6,957,362	\$ 2,192,173	\$ -	\$ 408,650	\$ 14,931,356	\$ (6,222,043)	\$ 473,315,524

Adena Health System and Subsidiaries

Consolidating Statement of Operations Year Ended December 31, 2013

	Southern Ohio Health									
	Adena Health System	Greenfield Area Medical Center	Adena Health Foundation	Care Network, Inc.	Adena Medical Group, LLC	Adena Home Care	Adena Health Plan	Adena Pharmacy	Adena Pike Community Hospital	Total
Unrestricted Revenue, Gains, and Other Support										
Net patient service revenue	\$ 313,062,202	\$ 16,092,593	\$ -	\$ -	\$ 73,400,464	\$ 6,956,938	\$ -	\$ -	\$ 18,672,914	\$ 428,165,111
Provision for bad debts	(17,619,660)	(1,478,512)	-	-	(6,972,721)	(10,318)	-	-	(1,199,550)	(27,280,761)
Net patient service revenue less provision for bad debts	295,442,542	14,614,081	-	-	66,427,743	6,946,620	-	-	17,473,364	400,904,350
Other operating revenue	8,745,330	133,487	416,116	74,827	24,341,171	-	1,150,428	2,867,243	427,175	8,679,523
Net assets released from restrictions	481,461	-	-	-	-	-	-	-	-	481,461
Total unrestricted revenue, gains, and other support	304,669,333	14,747,568	416,116	74,827	90,768,914	6,946,620	1,150,428	2,867,243	17,900,539	410,065,334
Expenses										
Salaries and wages	82,089,613	5,644,434	219,477	-	84,896,714	3,993,667	361,017	188,492	7,859,244	185,252,658
Employee benefits and payroll taxes	27,300,886	1,904,423	74,995	-	11,621,280	1,329,883	118,779	63,436	2,602,932	42,835,390
Operating supplies and expenses	54,144,412	962,764	8,230	-	4,174,090	1,386,496	4,126	2,626,029	1,621,565	64,927,712
Professional services and consultant fees	22,238,802	479,031	-	-	3,310,619	58,284	55,020	-	424,285	3,978,165
Purchased services	33,043,357	1,650,619	47,325	145,038	2,439,112	969,396	1,250,194	165,324	1,333,317	39,918,054
Insurance	1,703,864	39,858	-	-	2,370,355	13,918	-	-	96,400	4,224,395
Utilities	4,325,987	127,190	-	-	1,907	-	-	-	458,661	4,914,145
Travel/Education	1,643,135	63,934	4,637	-	795,174	406,746	21,733	3,365	54,571	2,971,773
Repair, maintenance, and rental	17,073,843	196,044	-	-	3,344,191	305,434	56,724	48,970	744,376	18,209,578
Assessments	4,053,416	278,472	-	-	-	-	-	-	303,065	4,634,953
Depreciation and amortization	20,473,692	281,592	-	748,759	-	-	-	10,988	1,219,959	22,734,990
Interest expense	8,944,137	3,137,352	61,452	-	-	-	118,224	-	2,228	8,946,365
Corporate cost allocation	(31,586,004)	-	-	-	20,469,360	1,794,504	-	-	6,005,112	-
Total expenses	245,449,140	14,765,713	416,116	893,797	133,422,802	10,258,328	1,986,217	3,106,604	22,725,715	403,548,178
Operating Income (Loss)	59,220,193	(18,145)	-	(818,970)	(42,653,888)	(3,311,708)	(835,789)	(239,361)	(4,825,176)	6,517,156
Nonoperating Income										
Interest income and net realized gains	11,238,536	11,167	106,383	-	-	-	-	-	-	11,356,086
Unrealized gains on trading securities	1,964,186	-	50,334	-	-	-	-	-	-	2,014,520
Other income	65,597	3,000	136,430	-	-	-	-	-	788,580	993,607
Total nonoperating income	13,268,319	14,167	293,147	-	-	-	-	-	788,580	14,364,213
Excess of Revenue Over (Under) Expenses	72,488,512	(3,978)	293,147	(818,970)	(42,653,888)	(3,311,708)	(835,789)	(239,361)	(4,036,596)	20,881,369
Net Assets Released from Restriction for Purchase of Capital Assets	479,602	-	-	-	-	-	-	-	-	479,602
Transfer (to) from Affiliate	(57,262,049)	380,947	-	-	42,458,620	2,389,185	-	-	12,033,297	-
Pension-related Changes Other Than Net Periodic Cost	7,489,511	-	-	-	-	-	-	-	-	7,489,511
Grant Income	441,078	-	-	1,257,628	-	-	-	-	-	1,698,706
Increase (Decrease) in Unrestricted Net Assets	\$ 23,636,654	\$ 376,969	\$ 293,147	\$ 438,658	\$ (195,268)	\$ (922,523)	\$ (835,789)	\$ (239,361)	\$ 7,996,701	\$ 30,549,188