






















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

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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
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	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants 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		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	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		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	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	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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.	219	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	1,588
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

Check if Schedule O contains a response 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 . . . . .	11	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body? . . . . .	8a	Yes
8b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates? . . . . .	10a	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . .	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	11a	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	Yes
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶OH
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <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 ▶MERI FOSTER 121 WHIGH ST LIMA, OH 45801 (419) 226-5197

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JOHN H JOHNSON CHAIRPERSON	1 00 0 00	X		X				0	0	0
(2) BARBARA STEELE VICE-CHAIR	1 00 0 00	X		X				0	0	0
(3) KERMIT STROH TREASURER	1 00 1 00	X		X				0	0	0
(4) BARRETT RYDELL BOARD MEMBER	1 00 0 00	X						0	0	0
(5) LAWRENCE D BELL MD BOARD MEMBER (SEE SCH J)	1 00 39 00	X						0	525,650	15,064
(6) DEBRA MCCURDY PHD BOARD MEMBER	1 00 0 00	X						0	0	0
(7) ROBERT L THOMPSON BOARD MEMBER	1 00 0 00	X						0	0	0
(8) PHILLIP R BJELL BOARD MEMBER	1 00 0 00	X						0	0	0
(9) RAFAEL A NIVAR MD BOARD MEMBER	1 00 0 00	X						0	0	0
(10) KATHLEEN M KRUGER BOARD MEMBER	1 00 0 00	X						0	0	0
(11) SUSAN E PAYDEN SECRETARY	1 00 0 00	X		X				0	0	0
(12) MICHAEL SWICK PRESIDENT/CEO (SEE SCH J)	34 00 6 00			X				524,536	0	219,826
(13) ROBERT E ARMSTRONG JR SENIOR VP/COO (SEE SCH J)	30 00 10 00			X				311,577	0	102,432
(14) ERIC D POHJALA VP OF FINANCE/CFO (SEE SCH	34 00 6 00			X				296,053	0	105,669
(15) CHARLES LYNN THOMPSON MD VICE PRESIDENT/CMO (SEE SC	20 00 20 00				X			336,806	0	107,663
(16) KHA H TRAN MD VP OF MEDICAL AFFAIRS (SEE SCH J)	20 00 20 00				X			107,645	88,716	50,287
(17) ANN-MARIE JEAN POHL VICE PRESIDENT/CNO (SEE SC	40 00 0 00				X			210,411	0	55,281



## Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ANITA GOOD	40 00					X		141,532	0	26,582
ADMINISTRATIVE DIRECTOR (S	0 00									
(19) MARK RECKER	40 00					X		145,513	0	15,562
DIRECTOR OF PHARMACY	0 00									
(20) LYNN CARPENTER	4 00					X		155,309	0	23,297
ADMINISTRATIVE DIRECTOR	36 00									
(21) CHERYL HOMAN	40 00					X		138,445	0	19,063
ADMINISTRATIVE DIRECTOR	0 00									
(22) KYLE J ERFORD	40 00					X		132,719	0	4,115
ADMINISTRATIVE DIRECTOR	0 00									
1b Sub-Total . . . . .										
c Total from continuation sheets to Part VII, Section A . . . . .										
d Total (add lines 1b and 1c) . . . . .								2,500,546	614,366	744,841

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization: 38

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b>	No
<b>4</b>	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> . . . . .	<b>4</b>	Yes
<b>5</b>	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> . . . . .	<b>5</b>	No

## Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
LIMA ANESTHESIA & PAIN TREATMENT PC PO BOX 33058 PALM BEACH GARDENS FL 33420	MEDICAL SERVICES	3,542,865
EMERGENCY PHYSICIANS OF NORTHWEST OHIO PO BOX 12490 TOLEDO OH 43606	MEDICAL SERVICES	1,319,898
NORTH CENTRAL OHIO PHYSICIAN SERVICES 1005 BELLEFONTAINE AVE LIMA OH 45804	MEDICAL SERVICES	1,025,000
APOGEE MEDICAL MANAGEMENT INC 2525 E CAMELBACK RD PHOENIX AZ 85016	MEDICAL SERVICES	1,010,058
MAYO COLLABORATIVE SERVICES PO BOX 4100 ROCHESTER MN 55903	MEDICAL SERVICES	1,004,961

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 40

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			
	d	Related organizations . . . . .	1d			
	e	Government grants (contributions)	1e	56,932		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	18,349		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .		75,281		
Program Service Revenue	2a	PATIENT SERVICE REV	Business Code 621110	168,467,632	168,467,632	
	b	RENT FROM AFFILIATE	900099	973,085	973,085	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .		169,440,717		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		5,558,328	
4		Income from investment of tax-exempt bond proceeds . . . . .				
5		Royalties . . . . .				
6a		Gross rents	(i) Real 734,677	(ii) Personal		
b		Less rental expenses	0			
c		Rental income or (loss)	734,677			
d		Net rental income or (loss) . . . . .		734,677	734,677	
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other 94,376		
b		Less cost or other basis and sales expenses		89,698		
c		Gain or (loss)		4,678		
d		Net gain or (loss) . . . . .		4,678		4,678
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a			
b		Less direct expenses . . . . .	b			
c		Net income or (loss) from fundraising events . . . . .				
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a			
b		Less direct expenses . . . . .	b			
c		Net income or (loss) from gaming activities . . . . .				
10a		Gross sales of inventory, less returns and allowances . . . . .	a			
b		Less cost of goods sold . . . . .	b			
c		Net income or (loss) from sales of inventory . . . . .				
Miscellaneous Revenue		Business Code				
11a	REFERENCE LAB	541380	1,286,182		1,286,182	
b	EDUCATIONAL SERVICES	621110	28,097	28,097		
c	LMHS WOMEN'S HEALTH CO-MGMT K-1	525990	-3,903	-3,903		
d	All other revenue . . . . .		2,514,759	2,514,759		
e	Total. Add lines 11a-11d . . . . .		3,825,135			
12	Total revenue. See Instructions . . . . .		179,638,816	172,714,347	1,286,182	5,563,006

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.	397,969	397,969		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,564,200		1,564,200	
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.	54,766,562	43,692,741	10,923,185	150,636
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,564,182	1,251,346	312,836	
9	Other employee benefits.	8,250,003	6,600,002	1,650,001	
10	Payroll taxes.	4,144,633	3,315,706	828,927	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	903,101	722,481	180,620	
c	Accounting.	94,395	75,516	18,879	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.	6,115			6,115
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).	25,697,046	20,557,637	5,139,409	
12	Advertising and promotion.	380,191	303,735	75,934	522
13	Office expenses.	6,452,822	5,155,002	1,288,750	9,070
14	Information technology.				
15	Royalties.				
16	Occupancy.	2,265,079	1,812,063	453,016	
17	Travel.	583,408	465,241	116,310	1,857
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	2,051,569	1,641,255	410,314	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	10,832,006	8,665,605	2,166,401	
23	Insurance.	876,176	700,941	175,235	
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	26,004,358	26,004,358		
b	BAD DEBT EXPENSE	12,137,310	12,137,310		
c	RECRUITING	986,367	838,412	147,955	
d	EDUCATION & REWARDS	396,979	317,551	79,388	40
e	All other expenses	335,136	268,098	67,024	14
25	Total functional expenses. Add lines 1 through 24e.	160,689,607	134,922,969	25,598,384	168,254
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		8,239,350	1	11,995,985
	2	Savings and temporary cash investments		6,308,008	2	6,288,237
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		23,787,677	4	24,630,159
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		4,147,448	7	5,266,685
	8	Inventories for sale or use		3,495,729	8	3,385,055
	9	Prepaid expenses and deferred charges		3,266,442	9	3,083,356
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a224,790,248			
	b	Less accumulated depreciation	10b133,948,853	94,639,299	10c	90,841,395
	11	Investments—publicly traded securities		30,458,030	11	33,764,111
	12	Investments—other securities See Part IV, line 11		1,703,202	12	2,414,862
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		65,558,418	15	74,590,139
	16	Total assets. Add lines 1 through 15 (must equal line 34)		241,603,603	16	256,259,984
Liabilities	17	Accounts payable and accrued expenses		14,956,552	17	15,076,457
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		44,433,750	20	42,763,751
	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		2,790,032	23	2,026,106
	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		21,612,135	25	17,815,642
	26	Total liabilities. Add lines 17 through 25		83,792,469	26	77,681,956
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		157,730,557	27	178,375,424
	28	Temporarily restricted net assets		80,577	28	202,604
	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		157,811,134	33	178,578,028
	34	Total liabilities and net assets/fund balances		241,603,603	34	256,259,984

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	179,638,816
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	160,689,607
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	18,949,209
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	157,811,134
5	Net unrealized gains (losses) on investments . . . . .	5	1,462,486
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	20
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	355,179
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	178,578,028

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?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization LIMA MEMORIAL JOINT OPERATING COMPANY	Employer identification number 34-1883284
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Part I

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> 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 <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
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 <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (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 <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
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 <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input type="checkbox"/> Type III - Functionally integrated <b>d</b> <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? <b>(i)</b> 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? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> 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	
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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  
LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number  
34-1883284

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

- 1

Provide a description of the organization’s direct and indirect political campaign activities in Part IV
- 2

Political expenditures

▶ \$
- 3

Volunteer hours

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

- 1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes

☐ No
- 4a

Was a correction made?

☐ Yes

☐ No
- b

If "Yes," describe in Part IV

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

- 1

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

▶ \$
- 2

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

▶ \$
- 3

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

▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes

☐ No
- 5

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

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

Part II-A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<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		10,127
j	Total. Add lines 1c through 1i.			10,127
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	LOBBYING EXPENSES ARE INCURRED IN CONNECTION WITH THE DUES PAID TO THE OHIO HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION

## Part IV

## Return Reference

### Explanation

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](http://www.irs.gov/form990).**

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> LIMA MEMORIAL JOINT OPERATING COMPANY	<b>Employer identification number</b>  34-1883284
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Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

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

- 2

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

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

Yes

No

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 . . . . .  |                                      | 4,222,316                      |                              | 4,222,316      |
| b Buildings . . . . .  |                                      | 137,913,194                    | 92,819,031                   | 45,094,163     |
| c Leasehold improvements . . . . .   |                                      |                                |                              |                |
| d Equipment . . . . .  |                                      | 80,306,833                     | 40,161,973                   | 40,144,860     |
| e Other . . . . .  |                                      | 2,347,905                      | 967,849                      | 1,380,056      |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) |                                      |                                |                              | 90,841,395     |
- Schedule D (Form 990) 2013





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 X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE HOSPITAL AND RECOGNIZE A TAX LIABILITY IF THE HOSPITAL 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 HOSPITAL AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2013, 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 HOSPITAL IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2010.

[illegible]

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  
LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number  
34-1883284

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 _____ %	3a Yes	
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 checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	3b Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	4 Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	5b	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c	
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	6b Yes	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			7,368,399	2,696,703	4,671,696	3 140 %
b Medicaid (from Worksheet 3, column a) . . . . .			19,048,693	13,827,823	5,220,870	3 510 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			26,417,092	16,524,526	9,892,566	6 650 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			10,887,299	0	10,887,299	7 330 %
f Health professions education (from Worksheet 5) . . . .			76,211	0	76,211	0 050 %
g Subsidized health services (from Worksheet 6) . . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j <b>Total</b> Other Benefits . . . .			10,963,510		10,963,510	7 380 %
k <b>Total.</b> Add lines 7d and 7j . . . .			37,380,602	16,524,526	20,856,076	14 030 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

12,137,310

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

1,092,538

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

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

5

39,219,191

6

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

6

44,762,287

7

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

7

-5,543,096

8

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

☐

Cost accounting system

☒

Cost to charge ratio

☐

Other

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 2 LMHS WOMEN'S HEALTH CO-MANAGEMENT COMPANY LLC	CO-MANAGEMENT	50.000 %		50.000 %
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 )

LIMA MEMORIAL HEALTH SYSTEM

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
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> 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)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <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		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
<b>3</b> 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 . . . . .	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	No
<b>5</b> 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)	<b>5</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.LIMAMEMORIAL.ORG</u>		
<b>b</b> <input type="checkbox"/> Other website (list url) _____		
<b>c</b> <input type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> 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)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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 . . . . .	<b>7</b>	No
<b>8a</b> 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)? . . . . .	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b> 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 free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% 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 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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	17		No
a	<input type="checkbox"/> Reporting to credit agency			
b	<input type="checkbox"/> Lawsuits			
c	<input type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in 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		
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? 2

Name and address	Type of Facility (describe)
1 MEDICAL PARK 525 EASTOWN RD LIMA, OH 45807	MRI, CT
2 YMCA - WELLNESS CENTER 345 S ELIZABETH ST LIMA, OH 45801	WELLNESS CENTER
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	COLUMN C, LINE 7A & 7B THE HOSPITAL USED A COST-TO-CHARGE COSTING METHODOLOGY TO CALCULATE THE AMOUNTS REPORTED IN LINE 7 THE HOSPITAL DERIVED THE COST-TO-CHARGE RATIO FROM THE USE OF WORKSHEET 2 PART I, LINE 7E IN ADDITION TO LIMA MEMORIAL JOINT OPERATING COMPANY'S COMMUNITY HEALTH IMPROVEMENT SERVICES AND COMMUNITY BENEFIT OPERATIONS, THIS LINE AMOUNT ALSO INCLUDES COMMUNITY BENEFIT PROVIDED BY LIMA MEMORIAL PROFESSIONAL CORPORATION, WHICH IS A RELATED ENTITY, IN AS MUCH AS LIMA MEMORIAL PROFESSIONAL CORPORATION'S ACTIVITY, ARE CARRIED ON IN A MANNER CONSISTENT WITH AND DIRECTLY IN CONNECTION WITH THE TAX EXEMPT PURPOSE OF LIMA MEMORIAL JOINT OPERATING COMPANY
PART I, LN 7 COL(F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 24B, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE OF THIS COLUMN IS \$12,137,310

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	LIMA MEMORIAL HEALTH SYSTEM PROMOTES THE HEALTH OF OUR COMMUNITIES BY PROVIDING SERVICE REGARDLESS OF ABILITY TO PAY, FUNDING THROUGH SPONSORSHIP, HEALTH SCREENINGS AND EDUCATION WE WORK WITH A NUMBER OF ORGANIZATIONS THROUGHOUT THE REGION, INCLUDING THE CHAMBER OF COMMERCE, TO PROMOTE THE ECONOMIC GROWTH OF THE COMMUNITY WE CONTINUE TO WORK WITH THE SCHOOL OF NURSING, CONTINUING EDUCATION AND TRAINING FOR EMT'S AND PARAMEDICS
PART III, LINE 4	SECTION A ACCOUNTS RECEIVABLE FOR PATIENTS, INSURANCE COMPANIES, AND GOVERNMENTAL AGENCIES ARE BASED ON GROSS CHARGES AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS THE ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IS REPORTED AS PART OF THE PATIENT ACCOUNTS RECEIVABLE AMOUNT ON THE CONSOLIDATED BALANCE SHEET 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 HOSPITAL'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 PART III, SECTION A, LINE 3 BAD DEBT ATTRIBUTABLE TO PATIENTS IDENTIFIED UNDER CHARITY CARE WAS ESTIMATED BY A THIRD PARTY THROUGH THE SCREENING OF BAD DEBT PATIENTS AT POVERTY LEVEL THE HOSPITAL APPLIES ANY DISCOUNTS/PAYMENTS RECEIVED AGAINST PATIENT ACCOUNTS BEFORE DETERMINING BAD DEBT EXPENSE

Form and Line Reference	Explanation
PART III, LINE 8	SECTION B BASED ON A COST TO CHARGE RATIO DETERMINED IN ACCORDANCE WITH MEDICARE COST REPORT REQUIREMENTS, THE COSTS OF PROVIDING CARE TO THE MEDICARE POPULATION IN 2013 WAS \$44,762,287 THE PAYMENTS RELATED TO THESE SERVICES WERE \$39,219,191 LEAVING A MEDICARE SHORTFALL OF \$5,543,096 FOR THE YEAR THE MEDICARE SHORTFALL IS A COMMUNITY BENEFIT BECAUSE PROVIDING SERVICES TO THE ELDERLY IS A TAX EXEMPT PURPOSE CONSISTENT WITH LIMA MEMORIAL JOINT OPERATING COMPANY'S OVERALL EXEMPT STATUS, AND THE HOSPITAL ACCEPTS THESE PATIENTS REGARDLESS OF ITS IMPACT ON OVERALL PROFITABILITY
PART III, LINE 9B	SECTION C PATIENTS DO NOT RECEIVE ANY NOTICE FROM LMH UNTIL BALANCES ARE DETERMINED TO BE THE PATIENT'S RESPONSIBILITY PRIMARY SELF-PAY ACCOUNTS ARE REFERRED TO AN OUTSIDE AGENCY AS AN EXTENSION OF THE BUSINESS OFFICE AT DAY 45 ACCOUNTS REMAIN WITH THE AGENCY UNTIL IT IS AT A ZERO BALANCE OR 150 DAYS AT 150 DAYS THE ACCOUNT IS CLOSED BACK AND GIVEN TO THE SUBSEQUENT AGENCY FOR REGULAR COLLECTION FOLLOW UP BALANCE AFTER INSURANCE ACCOUNTS ARE REFERRED TO AN OUTSIDE AGENCY ONCE ANY MONEY IS MOVED INTO SELF PAY THE ACCOUNT IS KEPT FOR A MINIMUM OF 90 DAYS AND THEN REFERRED TO A COLLECTION AGENCY

Form and Line Reference	Explanation
PART VI, LINE 2	LIMA MEMORIAL HEALTH SYSTEM (LMHS) REGULARLY PARTICIPATES IN COMPREHENSIVE COMMUNITY HEALTH NEEDS ASSESSMENTS TO IDENTIFY FAR-REACHING HEALTH NEEDS FACED BY PEOPLE IN THE COMMUNITIES SERVED BY THE HEALTH SYSTEM ASSESSMENT RESULTS ARE EVALUATED OVER TIME AND SERVE AS THE BASIS TO DEVELOP NEW OR EXPANDED PLANS TO ADDRESS SERVICES IN RESPONSE TO NEEDS LMHS JOINED OTHER AREA ORGANIZATIONS TO DEVELOP, IMPLEMENT AND UTILIZE THE 2009 ALLEN COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT THE NEEDS ASSESSMENT COLLECTED DATA FOR ALLEN COUNTY ADULTS (AGES 19 YEARS OF AGE AND OLDER) AND YOUTH (AGES 12 THROUGH 18) WHO PARTICIPATED IN A COUNTY-WIDE ASSESSMENT SURVEY DURING 2009 THE FINDINGS ARE BASED ON SELF-ADMINISTERED SURVEYS USING A STRUCTURED QUESTIONNAIRE THE QUESTIONS WERE MODELED AFTER SURVEY INSTRUMENTS USED BY THE CENTERS FOR DISEASE CONTROL AND PREVENTION FOR THEIR NATIONAL AND STATE BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM AND YOUTH RISK BEHAVIOR SURVEILLANCE SYSTEM THE SURVEY ASSESSED THE FOLLOWING AREAS COMMUNITY CONCERNS AND SERVICES, PHYSICAL HEALTH ISSUES AND BEHAVIORAL HEALTH ISSUES FOR AREAS OUTSIDE OF ALLEN COUNTY, LIMA MEMORIAL UTILIZES DATA FROM ADDITIONAL COUNTY-BASED NEEDS ASSESSMENT WHEN AVAILABLE SURVEY RESULTS ARE BEING USED TO SHAPE COMMUNITY OUTREACH EFFORTS IN 2013, LIMA MEMORIAL WAS INVOLVED WITH PIONEERING HEALTHY COMMUNITIES THROUGH PARTICIPATION AND FUNDING IN CONJUNCTION WITH THE CITY OF LIMA AND THE ALLEN COUNTY YMCA A PORTION OF THIS PROGRAM IS DEDICATED TO REVIEWING THE NEEDS AND RISKS OF ALLEN COUNTY OBESITY, ESPECIALLY CHILDHOOD OBESITY, WAS DETERMINED TO BE A SIGNIFICANT HEALTH RISK LIMA MEMORIAL HEALTH SYSTEM IS PART OF THE COMMUNITY SUSTAINABILITY ADVISORY COMMITTEE, WHICH ADDRESSES A VARIETY OF HEALTH-RELATED NEEDS IN THE COMMUNITIES WE SERVE THIS COMMITTEE'S GOAL IS TO INCREASE THE NUMBER OF ADULTS WHO ARE AT A HEALTHY WEIGHT BY AT LEAST TWO PERCENTAGE POINTS BY 2020 ASSESSMENT SUMMARY WHEN ASKED TO RANK COMMUNITY PROBLEMS FROM A PREPARED LIST, 43% OF RESPONDENTS NOTED UNEMPLOYMENT AS THE SINGLE MOST IMPORTANT PROBLEM FACING LOCAL FAMILIES RESIDENTS IDENTIFY JOB TRAINING & EMPLOYMENT SERVICES AS THE SINGLE MOST IMPORTANT SERVICE NEEDED IN THE COUNTY IN 2009 CRIME PREVENTION SERVICES WERE RANKED THE SECOND MOST IMPORTANT/MOST NEEDED SERVICE IN THE 2009 SURVEY OTHER IMPORTANT AND EMERGING COMMUNITY PROBLEMS INCLUDE DOMESTIC VIOLENCE, QUALITY OF LIFE AND PARENTING OTHER IMPORTANT SERVICES INCLUDED HEALTHCARE SERVICES, YOUTH PROGRAMS AND CARE OF THE ELDERLY ALMOST ONE-QUARTER (24%) OF ALLEN COUNTY ADULTS REPORTED IN 2009 THAT THEY HAD ATTEMPTED TO GET ASSISTANCE FROM A SOCIAL SERVICE AGENCY 58% OF THOSE ADULTS DID RECEIVE ASSISTANCE AND 1% OF ADULTS REPORTED THEY DID NOT KNOW WHERE TO LOOK FOR ASSISTANCE HIGH BLOOD PRESSURE AND EXCESSIVE BODY WEIGHT ARE TWO HEALTH CHALLENGES THAT HAVE INCREASED IN OCCURRENCE SINCE THE 2002 SURVEY THESE ARE CONSIDERABLY ABOVE STATE AND NATIONAL RATES APPROXIMATELY 3 OUT OF 4 ALLEN COUNTY ADULTS ARE CONSIDERED OVERWEIGHT OR OBESE BY BODY MASS INDEX STANDARDS (BMI) IMPROVEMENTS WERE NOTED INCLUDING AN INCREASE IN PHYSICAL ACTIVITY AND A REDUCTION IN THE NUMBER OF CIGARETTE SMOKERS HEALTHCARE WAS IDENTIFIED AS ONE OF THE TOP THREE MOST IMPORTANT SERVICES IN ALLEN COUNTY AND THE MAJORITY OF ADULTS (86%) REPORT HAVING COVERAGE DESPITE THIS, FEWER WOMEN ARE PARTICIPATING IN SCREENINGS FOR EARLY DETECTION OF CANCER A NOTABLE IMPROVEMENT FROM 2002 WAS THE PERCENTAGE OF ADULTS WHO VISITED A DENTIST IN THE PAST YEAR, THOUGH REPORTED DENTAL VISITS WITHIN THE PAST YEAR ARE STILL LOWER IN ALLEN COUNTY COMPARED TO STATE AND NATIONAL RATES LIFESTYLE CHARACTERISTICS THAT CORRESPOND WITH REDUCED RISK FOR CHRONIC DISEASE INCLUDE A HEALTHY BODY WEIGHT, ADEQUATE FRUIT AND VEGETABLE CONSUMPTION, REGULAR LEISURE-TIME PHYSICAL ACTIVITY, AND NOT SMOKING, YET ONLY 0 8% OF ALLEN COUNTY ADULTS ENGAGE IN ALL FOUR HEALTHY LIFESTYLE CHARACTERISTICS SOME OF THE HEALTH ISSUES FACING ALLEN COUNTY YOUTH INCLUDE EARLY SEXUAL ACTIVITY AND TEEN PREGNANCY, BULLYING, LACK OF SAFETY HABITS SUCH AS AND LACK OF REGULAR SEATBELT USE
PART VI, LINE 3	ALL PATIENTS OF LIMA MEMORIAL HOSPITAL ARE EDUCATED ON THE HOSPITAL'S CHARITY CARE PROGRAM DURING THE REGISTRATION PROCESS VIA WALL-POSTED STATEMENTS, HOSPITAL PERSONNEL INQUIRIES, ETC INFORMATION REGARDING THE HOSPITAL'S CHARITY CARE IS ALSO FOUND ON LIMA MEMORIAL HOSPITAL'S WEBSITE STATEMENTS GOING TO PATIENTS ALSO IDENTIFY THIS PROGRAM

Form and Line Reference	Explanation
PART VI, LINE 4	LIMA MEMORIAL HEALTH SYSTEM SERVES A 10 COUNTY AREA THAT INCLUDES MORE THAN 475,000 PEOPLE THE COUNTIES INCLUDE ALLEN, AUGLAIZE, PUTNAM, HANCOCK, MERCER, HARDIN, LOGAN, SHELBY, PAULDING, AND VAN WERT THE MEDIAN HOUSEHOLD INCOME FOR THE REGION IS \$44,300 24% OF RESIDENTS ARE UNDER 18 YEARS-OLD, WHILE 14 5% OF RESIDENTS ARE 65 YEARS-OLD OR OLDER 95 4% OF OUR ENTIRE SERVICE AREA IS CAUCASIAN, WHILE 2 75% ARE AFRICAN AMERICAN IN OUR PRIMARY SERVICE AREA OF ALLEN COUNTY 85 6% ARE CAUCASIAN, WHILE 11 7% ARE AFRICAN AMERICAN THE REGION IS PRIMARILY RURAL WITH SMALL COMMUNITIES THE LARGEST CITY IN THE REGION IS LIMA WITH A POPULATION OF MORE THAN 38,000
PART VI, LINE 5	LIMA MEMORIAL HEALTH SYSTEM CONTINUES TO INCREASE OUR COMMUNITY INVESTMENT THROUGH PARTICIPATION AND SPONSORSHIP OF LOCAL AND REGIONAL EVENTS THAT PROMOTE HEALTHY LIFESTYLE CHOICES, PREVENTATIVE CARE AND CHRONIC PAIN MANAGEMENT BEYOND THE NUMBERS KEY COMMUNITY BENEFITS ACTIVITIES OF 2013LIMA MEMORIAL HEALTH SYSTEM DEVELOPS PROGRAMS AND SERVICES TO ADDRESS COMMUNITY HEALTH NEEDS AND MAKES INVESTMENTS IN INITIATIVES THAT ALIGN WITH OUR MISSION, VISION AND VALUES MUCH OF LIMA MEMORIAL HEALTH SYSTEM'S COMMUNITY BENEFIT INVESTMENT FOR 2013 WAS IN THE AREA OF CHARITABLE CARE THIS ENABLED THOSE WITHOUT INSURANCE OR WITH LIMITED INSURANCE TO ACCESS MEDICAL CARE BEYOND THAT FOCUS ARE PROGRAMS AND SERVICES THAT BENEFIT EVERY RESIDENT AND SUPPORT THE FAR REACHING GOAL OF A HEALTHIER WEST CENTRAL OHIO LIMA MEMORIAL HEALTH SYSTEM CANNOT MEET ALL OF THE HEALTHCARE NEEDS WITHOUT THE ENGAGEMENT AND SUPPORT OF KEY STAKEHOLDERS INCLUDING OUR MEDICAL STAFF AND OTHER COMMUNITY ORGANIZATIONS COMMUNITY HEALTH SERVICESIN 2013, LIMA MEMORIAL HEALTH SYSTEM PROVIDED AND/OR PARTICIPATED IN NUMEROUS COMMUNITY HEALTH SERVICE PROGRAMS INCLUDED IN THIS CATEGORY ARE INCLUDING HEALTH AND WELLNESS EDUCATION, HEALTH SCREENINGS, COMMUNITY DEVELOPMENT AND SERVICES TO HELP PEOPLE ADOPT HEALTHY LIFE-STYLE CHANGES ALSO INCLUDED ARE THE MYRIAD OF SUPPORT GROUP ACTIVITIES THAT HELP PATIENTS AND THEIR FAMILIES MANAGE CHRONIC HEALTH CONDITIONS KEY INITIATIVES THIS PAST YEAR INCLUDE DIAGNOSTIC HEART AND VASCULAR SCREENINGS FOR AT-RISK ADULTS, CHILDHOOD DIABETES EDUCATION IN AREA SCHOOLS, INJURY PREVENTION AND AWARENESS, BREAST AND LUNG SCREENINGS AND HEALTHY EATING EVENTS A THIRD SUBSET OF THIS CATEGORY INCLUDES HEALTH CARE SUPPORT SERVICES, OR THOSE SERVICES THAT ARE PROVIDED TO ASSIST COMMUNITY MEMBERS IN ACCESSING BOTH INFORMATION AND THE MEDICAL CARE THAT THEY NEED CHIEF AMONG THE HEALTH SYSTEM'S SUPPORT INITIATIVES ARE THE FINANCIAL COUNSELORS THAT ENSURE THAT PATIENTS WHO ARE STRUGGLING FINANCIALLY AND/OR LACK MEDICAL INSURANCE ARE AFFORDED THE CARE THAT THEY NEED HEALTH PROFESSIONS EDUCATIONLIMA MEMORIAL HEALTH SYSTEM BELIEVES THAT HAVING HIGHLY TRAINED MEDICAL PERSONNEL BENEFITS EVERYONE IN THE COMMUNITY BEYOND ON-GOING EDUCATION FOR PHYSICIANS, NURSES, TECHNICIANS, AND OTHER CLINICIANS, THE HEALTH SYSTEM SUPPORTED NUMEROUS SPECIAL INITIATIVES IN 2013 TO FURTHER THE CAPABILITIES OF AREA MEDICAL PERSONNEL OUR SCHOOLS OF NURSING PROGRAM PROVIDED A TRAINING SITE FOR OVER 450 NURSING STUDENTS IN 2013 LIMA MEMORIAL HEALTH SYSTEM ALSO PROVIDES EDUCATIONAL SUPPORT IN THE MEDICAL COMMUNITY BY PROVIDING HUNDREDS OF HOURS OF TRAINING FOR AREA EMTS AND PARAMEDICS FINANCIAL CONTRIBUTIONSLIMA MEMORIAL PROVIDES BOTH CASH AND IN-KIND SUPPORT TO INDIVIDUALS AND OTHER COMMUNITYORGANIZATIONS THE SPONSORSHIP FUND PROVIDES FUNDING SUPPORT TO WEST CENTRAL OHIO PROGRAMS THAT ADDRESS IDENTIFIED COMMUNITY NEEDS AND SERVE VULNERABLE POPULATIONS IN 2013, LIMA MEMORIAL CONTRIBUTED TO MORE THAN 55 ORGANIZATIONS INCLUDING THE MARCH OF DIMES, YMCA OF LIMA, AMERICAN CANCER SOCIETY, THE UNITED WAY AND THE AMERICAN RED CROSS COMMUNITY BENEFIT OPERATIONSFOR 2013, COMMUNITY BENEFITS EXPENSES RECORDED THE STAFF HOURS NEEDED TO TRACK AND INPUT THE INFORMATION THE APPLICABLE COSTS FOR STAFF ENGAGING IN ACTUAL COMMUNITY BENEFIT SERVICES AND PROGRAMMING ARE REPORTED WITHIN SPECIFIC INITIATIVES AND ACTIVITIES CHARITY CAREIN ACCORDANCE WITH REPORTING REQUIREMENTS, LIMA MEMORIAL'S CHARITY CARE EXPENSE IS BASED UPON COSTS VERSUS CHARGES CHARITY CARE INCLUDES LIMA MEMORIAL'S TRADITIONAL INPATIENT AND EMERGENCY SERVICES UPON APPROVAL FOR FINANCIAL ASSISTANCE, ALL HOSPITAL CARE IN THE ENSUING SIX MONTH PERIOD IS INCLUDED THIS APPROACH ENSURES THAT ASSISTANCE IS PORTABLE AND THAT PATIENTS HAVE ACCESS TO NEEDED MEDICAL SERVICES BY MAKING A SINGLE APPLICATION A KEY GOAL IS TO IDENTIFY COMMUNITY MEMBERS IN NEED SOONER THE RESULT IS MORE CHARITY CARE AND FEWER BAD DEBTS GOVERNMENT SPONSORED HEALTHCAREPAYMENT SHORTFALLS FOR PUBLIC INSURANCE PROGRAMS, INCLUDING MEDICAID AND MEDICARE, WERE\$10,763,966 IN 2013

Form and Line Reference	Explanation
PART VI, LINE 6	LIMA MEMORIAL HEALTH SYSTEM DEVELOPS PROGRAMS AND SERVICES TO ADDRESS COMMUNITY HEALTH NEEDS TO SUPPORT THE GOAL OF A HEALTHIER WEST CENTRAL OHIO
PART VI, LINE 7, REPORTS FILED WITH STATES	OH



Schedule I (Form 990)	<div>Grants and Other Assistance to Organizations, Governments and Individuals in the United States</div> <div>Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22. ▶ Attach to Form 990</div> <div>▶ Information about Schedule I (Form 990) and its instructions is at <a href="http://www.irs.gov/form990">www.irs.gov/form990</a>.</div>	OMB No 1545-0047
		2013
		Open to Public Inspection

Name of the organization LIMA MEMORIAL JOINT OPERATING COMPANY	Employer identification number 34-1883284
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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) ALLEN COUNTY VISIONARIES PO BOX 176 LIMA, OH 45802	34-1740545	501(C)3	14,000				COMMUNITY DEVELOPMENTCOMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(2) LIMA AREA FAMILY YMCA 345 S ELIZABETH ST LIMA, OH 45801	34-4431173	501(C)3	262,994				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(3) LIMA SYMPHONY ORCHESTRA 133 N ELIZABETH ST LIMA, OH 45807	34-4465022	501(C)3	5,800				COMMUNITY DEVELOPMENT SUPPORTING ARTS
(4) AMERICAN RED CROSS 610 S COLLET ST LIMA, OH 45805	53-0196605	501(C)3	10,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(5) LIMA MEMORIAL FOUNDATION 1001 BELLEFONTAINE AVE LIMA, OH 45804	34-1707570	501(C)3	10,000				HEALTH INITIATIVE
(6) LIMA AREA CHAMBER OF COMMERCE 144 S MAIN ST LIMA, OH 45801	34-4179070	501(C)3	6,500				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(7) LIMA AREA CHAMBER FOUNDATION - STATE OF THE STATE SPONSORSHIP 144 S MAIN ST LIMA, OH 45801	34-4179071	501(C)3	5,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS
(8) TUTTLE CONSTRUCTION - SAFETY CITY 880 SHAWNEE ROAD LIMA, OH 45805	34-4446567	501(C)3	14,443				COMMUNITY DEVELOPMENT/HEALTH AND WELLNES
(9) MARCH OF DIMES 375 STEWART ROAD WILKES BARRE, PA 18706	13-1846366	501(C)3	8,500				COMMUNITY DEVELOPMENT/HEALTH AND WELLNES
(10) LIMA ALLEN CO REGIONAL PLANNING COMMISSION 130 W NORTH STREET LIMA, OH 45801	34-1162237	GOVT	5,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNES
(11) UNITED WAY 616 S COLLETT ST SUITE 101 LIMA, OH 45805	34-4466356	501(C)3	15,033				COMMUNITY DEVELOPMENT

2	Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . .	8
3	Enter total number of other organizations listed in the line 1 table . . . . .	2

Part III

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

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

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	IN MOST CASES THE EFFECTIVE USE OF FUNDS IS EVIDENT THROUGH THE POSITIVE RESULTS OF THE PROGRAMS WE FUND IN ADDITION, LIMA MEMORIAL HAS BOARD REPRESENTATION ON MOST OF THE ORGANIZATIONS WE SUPPORT IF THIS IS NOT THE CASE WE DO ASK FOR THEIR BUSINESS PLAN AND A LIST OF EXPENDITURES
PART II	LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION IS A GOVERNMENTAL ENTITY

Additional Data

Software ID:  
Software Version:  
EIN: 34-1883284  
Name: LIMA MEMORIAL JOINT OPERATING COMPANY

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ALLEN COUNTY VISIONARIES PO BOX 176 LIMA, OH 45802	34-1740545	501(C)3	14,000				COMMUNITY DEVELOPMENTCOMMUNITY DEVELOPMENT/HEALTH AND WELLNESS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA AREA FAMILY YMCA 345 S ELIZABETH ST LIMA, OH 45801	34-4431173	501(C)3	262,994				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA SYMPHONY ORCHESTRA 133 N ELIZABETH ST LIMA,OH 45807	34-4465022	501(C)3	5,800				COMMUNITY DEVELOPMENT SUPPORTING ARTS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN RED CROSS 610 S COLLET ST LIMA, OH 45805	53-0196605	501(C)3	10,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA MEMORIAL FOUNDATION 1001 BELLEFONTAINE AVE LIMA, OH 45804	34-1707570	501(C)3	10,000				HEALTH INITIATIVE

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA AREA CHAMBER OF COMMERCE 144 S MAIN ST LIMA, OH 45801	34-4179070	501(C)3	6,500				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS



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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA AREA CHAMBER FOUNDATION - STATE OF THE STATE SPONSORSHIP 144 S MAIN ST LIMA,OH 45801	34-4179071	501(C)3	5,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNESS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
TUTTLE CONSTRUCTION - SAFETY CITY 880 SHAWNEE ROAD LIMA,OH 45805	34-4446567	501(C)3	14,443				COMMUNITY DEVELOPMENT/HEALTH AND WELLNES

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MARCH OF DIMES 375 STEWART ROAD WILKES BARRE, PA 18706	13-1846366	501(C)3	8,500				COMMUNITY DEVELOPMENT/HEALTH AND WELLNES

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIMA ALLEN CO REGIONAL PLANNING COMMISSION 130 W NORTH STREET LIMA, OH 45801	34-1162237	GOVT	5,000				COMMUNITY DEVELOPMENT/HEALTH AND WELLNES

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY 616 S COLLETT ST SUITE 101 LIMA, OH 45805	34-4466356	501(C)3	15,033				COMMUNITY DEVELOPMENT

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number  
34-1883284

Part I

Questions Regarding Compensation

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

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
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	LIMA MEMORIAL JOINT OPERATING COMPANY PROVIDES SOCIAL CLUB DUES TO THE CEO, THEY ARE TREATED AS TAXABLE COMPENSATION
PART I, LINE 4B	THE FOLLOWING INDIVIDUALS PARTICIPATED IN AN IRC 457(F) NON-QUALIFIED DEFERRED COMPENSATION PLAN THIS PLAN IS FUNDED BY THE HOSPITAL AND VESTS WITH SERVICE THEREFORE IS SUBJECT TO RISK OF FORFEITURE ERIC D POHJALA \$37,397 ROBERT ARMSTRONG \$43,448 MIKE SWICK \$160,842 C LYNN THOMPSON \$48,486 ANN-MARIE JEAN POHL \$17,560



# Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 34-1883284  
**Name:** LIMA MEMORIAL JOINT OPERATING COMPANY

## 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				
LAWRENCE D BELL MD BOARD MEMBER (SEE SCH J)	(i)	0	0	0	0	0	0	0
	(ii)	525,650	0	0	7,650	7,414	540,714	0
MICHAEL SWICK PRESIDENT/CEO (SEE SCH J)	(i)	327,480	184,854	12,202	201,292	18,534	744,362	0
	(ii)	0	0	0	0	0	0	0
ROBERT E ARMSTRONG JR SENIOR VP/COO (SEE SCH J)	(i)	215,542	90,343	5,692	83,898	18,534	414,009	0
	(ii)	0	0	0	0	0	0	0
ERIC D POHJALA VP OF FINANCE/CFO (SEE SCH J)	(i)	207,144	83,340	5,569	77,847	27,822	401,722	0
	(ii)	0	0	0	0	0	0	0
CHARLES LYNN THOMPSON MD VICE PRESIDENT/CMO (SEE SC	(i)	227,558	96,587	12,661	92,836	14,827	444,469	0
	(ii)	0	0	0	0	0	0	0
KHA H TRAN MD VP OF MEDICAL AFFAIRS (SEE SCH J)	(i)	104,941	0	2,704	20,016	16,230	143,891	0
	(ii)	79,738	8,978	0	2,448	11,593	102,757	0
ANN-MARIE JEAN POHL VICE PRESIDENT/CNO (SEE SC	(i)	146,295	59,351	4,765	55,281	0	265,692	0
	(ii)	0	0	0	0	0	0	0
ANITA GOOD ADMINISTRATIVE DIRECTOR (S	(i)	122,878	17,351	1,303	4,324	22,258	168,114	0
	(ii)	0	0	0	0	0	0	0
MARK RECKER DIRECTOR OF PHARMACY	(i)	132,526	12,243	744	4,433	11,129	161,075	0
	(ii)	0	0	0	0	0	0	0
LYNN CARPENTER ADMINISTRATIVE DIRECTOR	(i)	131,055	18,243	6,011	4,763	18,534	178,606	0
	(ii)	0	0	0	0	0	0	0
CHERYL HOMAN ADMINISTRATIVE DIRECTOR	(i)	118,639	17,087	2,719	4,236	14,827	157,508	0
	(ii)	0	0	0	0	0	0	0

Schedule K  
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2013

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

▶ 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](http://www.irs.gov/form990).

Name of the organization  
LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number  
34-1883284

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	CITY OF LIMA-2007 BONDS	34-6400789	532567DH4	07-18-2007	25,000,000	HOSPITAL FACILITIES		X		X		X
B	CITY OF LIMA-2003 BONDS	34-6400789	532567DG6	04-10-2003	10,000,000	HOSPITAL FACILITIES		X		X		X
C	VILLAGE OF FT SHAWNEE	34-6006426		06-07-2007	6,160,000	HOSPITAL FACILITIES		X		X		X
D	VILLAGE OF ELIDA	34-6407983		05-22-2007	7,040,000	HOSPITAL FACILITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	535,000		535,000		867,500		37,500	
2	Amount of bonds legally defeased								
3	Total proceeds of issue								
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	25,000,000		10,000,000					
11	Other spent proceeds	6,160,000				6,160,000		7,040,000	
12	Other unspent proceeds								
13	Year of substantial completion	2008		2004		2000		2003	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X	X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X	X		X	
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		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		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		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			X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Does the bond issue meet the private security or payment test?		X		X		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		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		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		X	X	
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		
b	Exception to rebate?	X		X		X			
c	No rebate due?		X		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			X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		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		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

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

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons  
▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.  
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
**Open to Public Inspection**

Name of the organization  
LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number  
34-1883284

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV**

**Business Transactions Involving Interested Persons.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JJ JOHNSON	J J JOHNSON IS THE SON OF BOARD MEMBER JOHN JOHNSON	51,485	EMPLOYMENT		No

**Part V**

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

Return Reference	Explanation
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**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

**Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.**  
**▶ Attach to Form 990 or 990-EZ.**  
**▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at  
[www.irs.gov/form990](http://www.irs.gov/form990).**

OMB No 1545-0047

**2013**

**Open to Public  
Inspection**

Name of the organization LIMA MEMORIAL JOINT OPERATING COMPANY	Employer identification number 34-1883284
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Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE MEMBERS ARE LIMA MEMORIAL HOSPITAL AND PH VENTURES, INC , WHOSE SOLE MEMBER IS PROMEDICA HEALTH SYSTEM, BOTH OHIO NONPROFIT CORPORATIONS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE AUDIT COMMITTEE OF THE BOARD REVIEWS AND APPROVES THE FORM 990, AND A COPY OF THE FORM 990 IS PROVIDED TO THE BOARD, PRIOR TO FILING THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR



Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	<p>EACH TRUSTEE, PRINCIPAL OFFICER, AND MEMBER OF A COMMITTEE WITH BOARD-DELEGATED POWERS SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON 1) HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY, 2) HAS READ AND UNDERSTANDS THE POLICY, 3) HAS AGREED TO COMPLY WITH THE POLICY, AND 4) UNDERSTANDS THAT THE CORPORATION IS A CHARITABLE ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION, IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES IF THE BOARD OR COMMITTEE HAS REASONABLE CAUSE TO BELIEVE THAT A MEMBER HAS FAILED TO DISCLOSE ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, IT SHALL INFORM THE MEMBER OF THE BASIS FOR SUCH BELIEF AND AFFORD THE MEMBER AN OPPORTUNITY TO EXPLAIN THE ALLEGED FAILURE TO DISCLOSE IF, AFTER HEARING THE RESPONSE OF THE MEMBER AND MAKING SUCH FURTHER INVESTIGATION AS MAY BE WARRANTED IN THE CIRCUMSTANCES, THE BOARD OR COMMITTEE DETERMINES THAT THE MEMBER HAS IN FACT FAILED TO DISCLOSE AN ACTUAL OR POSSIBLE CONFLICT OF INTEREST, IT SHALL TAKE APPROPRIATE DISCIPLINARY AND CORRECTIVE ACTION</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	THE PROCESS FOR DETERMINING THE ORGANIZATION'S CEO, OTHER OFFICERS AND KEY EMPLOYEES' COMPENSATION INCLUDES 1) REVIEW AND APPROVAL BY THE COMPENSATION COMMITTEE, 2) THE UTILIZATION OF AN INDEPENDENT COMPENSATION CONSULTANT, 3) COMPARABLE DATA, AND 4) CONTEMPORANEOUS DOCUMENTATION THIS PROCESS WAS LAST COMPLETED IN 2013

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE CURRENTLY NOT AVAILABLE TO THE PUBLIC THE FINANCIAL STATEMENTS ARE FILED WITH THE RETURN AS REQUIRED

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	TRAVEL AGENCY FEE PROGRAM SERVICE EXPENSES 25,296 MANAGEMENT AND GENERAL EXPENSES 6,324 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 31,620 PURCHASED SERVICES FEE PROGRAM SERVICE EXPENSES 13,143,002 MANAGEMENT AND GENERAL EXPENSES 3,285,751 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 16,428,753 MAINTENANCE FEE PROGRAM SERVICE EXPENSES 4,444 MANAGEMENT AND GENERAL EXPENSES 1,111 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 5,555 CONSULTING FEE PROGRAM SERVICE EXPENSES 124,981 MANAGEMENT AND GENERAL EXPENSES 31,245 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 156,226 COLLECTIONS FEE PROGRAM SERVICE EXPENSES 827,504 MANAGEMENT AND GENERAL EXPENSES 206,876 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,034,380 EQUIPMENT RENTAL FEE PROGRAM SERVICE EXPENSES 1,401,164 MANAGEMENT AND GENERAL EXPENSES 350,291 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,751,455 FREIGHT PROGRAM SERVICE EXPENSES 227,333 MANAGEMENT AND GENERAL EXPENSES 56,833 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 284,166 WASTE REMOVAL PROGRAM SERVICE EXPENSES 26,982 MANAGEMENT AND GENERAL EXPENSES 6,745 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 33,727 COURTESY TRANSPORTATION FEE PROGRAM SERVICE EXPENSES 121,330 MANAGEMENT AND GENERAL EXPENSES 30,333 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 151,663 CLEANING FEE PROGRAM SERVICE EXPENSES 147,742 MANAGEMENT AND GENERAL EXPENSES 36,936 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 184,678 PHYSICIAN FEE PROGRAM SERVICE EXPENSES 2,633,181 MANAGEMENT AND GENERAL EXPENSES 658,295 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 3,291,476 CORPORATE FEE PROGRAM SERVICE EXPENSES 118,374 MANAGEMENT AND GENERAL EXPENSES 29,593 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 147,967 CONTINGENCY FEE PROGRAM SERVICE EXPENSES 774 MANAGEMENT AND GENERAL EXPENSES 194 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 968 FRANCHISE FEE PROGRAM SERVICE EXPENSES 1,755,530 MANAGEMENT AND GENERAL EXPENSES 438,882 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,194,412

Return Reference	Explanation
FORM 990, PART XI, LINE 9	IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT 82,990 INVESTMENT IN LMHS WOMEN'S HEALTH CO- MANAGEMENT K-1 3,903 RESTRICTED CONTRIBUTIONS 268,286

Return Reference	Explanation
FORM 990, PART XI, LINE 2C EXPLANATION	THE AUDIT COMMITTEE ASSUMES RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT AND THE SELECTION OF THE INDEPENDENT ACCOUNTANT THIS PROCESS HAS NOT CHANGE FROM THE PRIOR YEAR

Return Reference	Explanation
FORM 990, SUPPLEMENTAL FINANCIAL INFORMATION	THE CALCULATION RECONCILES THE ORGANIZATION'S OPERATIONS TO THE LIMA MEMORIAL HEALTH SYSTEM'S CONSOLIDATED FINANCIAL STATEMENTS GAIN (LOSS) FROM OPERATIONS LMH \$13,800,398 LMP \$(9,553,115) ELM TREE \$(213,835) TOTAL GAIN (LOSS) FROM OPERATIONS \$4,033,448 NON-OPERATING REVENUES, NET \$1,904,442 INTEREST RATE SWAP \$4,712,270 AUDITED EXCESS REVENUE \$10,650,160 NET ASSETS RELEASED FROM RESTRICTION \$ - PPA \$22 NET \$10,650,182 OTHER 990 ADJUSTMENTS WOMEN'S HEALTH K-1 \$(3,903) UNREALIZED GAIN/LOSS \$(1,462,486) ADA MEDICAL K-1 \$39,284 CARDINAL HEALTH K-1 \$(81,624) TOTAL OTHER 990 ADJUSTMENTS \$(1,508,729) NET \$9,141,453 LMJOC 990 PART 1, LINE 19 \$18,949,209 LLP 990 PART 1, LINE 19 \$(9,551,580) ELM TREE 1120 LINE 30 \$(213,836) LMH 990EZ PART 1, LINE 18 \$(42,340) NET TAX RETURNS \$9,141,453 DIFFERENCE FINANCIAL STATEMENTS VS TAX RETURN \$ -

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

LIMA MEMORIAL JOINT OPERATING COMPANY

Employer identification number

34-1883284

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

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) LIMA MEMORIAL HOSPITAL  1001 BELLEFONTAINE AVENUE  LIMA, OH 45804 34-4434676	HEALTHCARE	OH	501(C)(3)	170(B)(1)(A)(III)	LIMA MEMORIAL JOINT OPERATING COMPANY	Yes	
(2) LIMA MEMORIAL HOSPITAL FOUNDATION  1001 BELLEFONTAINE AVENUE  LIMA, OH 45804 34-1707570	SUPPORTING ORGANIZATION FOR LIMA MEMORIAL HOSPITAL	OH	501(C)(3)	509(A)(3)	LIMA MEMORIAL JOINT OPERATING COMPANY	Yes	
(3) LIMA MEMORIAL HOSPITAL AUXILIARY  1001 BELLEFONTAINE AVENUE  LIMA, OH 45804 34-1694632	SUPPORTING ORGANIZATION FOR LIMA MEMORIAL HOSPITAL	OH	501(C)(3)	509(A)(3)	LIMA MEMORIAL JOINT OPERATING COMPANY	Yes	
(4) LIMA MEMORIAL PROFESSIONAL CORPORATION  1001 BELLEFONTAINE AVENUE  LIMA, OH 45804 34-1935236	HEALTHCARE	OH	501(C)(3)	170(B)(1)(A)(III)	LIMA MEMORIAL JOINT OPERATING COMPANY	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) Disproporionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) LMHS WOMEN'S HEALTH CO-MANAGEMENT COMPANY LLC  1001 BELLEFONTAINE AVE LIMA, OH 45804 27-1023520	WOMEN'S HEALTH CO-MANAGEMENT	OH	LIMA MEMORIAL JOINT OPERATING COMPANY	RELATED	-3,903	74,143		No		Yes		50 000 %

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) ELM TREE FOUNDATION  1220 EAST ELM STREET LIMA, OH 45804 34-1417720	RENTAL REAL ESTATE	OH	LIMA MEMORIAL JOINT OPERATING COMPANY	C	694,602	6,480,652	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

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

No

1m

No

1n

Yes

1o

Yes

1p

Yes

1q

Yes

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
(1) LIMA MEMORIAL HOSPITAL FOUNDATION	S	264,988	EQUITY TRANSFER
(2) LIMA MEMORIAL PROFESSIONAL CORPORATION	R	9,379,512	EQUITY TRANSFER
(3) LIMA MEMORIAL PROFESSIONAL CORPORATION	J	973,085	LEASE CONTRACT
(4) ELM TREE FOUNDATION	K	140,433	LEASE CONTRACT
(5) LIMA MEMORIAL PROFESSIONAL CORPORATION	P	310,578	CASH TRANSACTION
(6) ELM TREE FOUNDATION	Q	150,000	CASH TRANSACTION

Schedule R (Form 990) 2013

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
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Additional Data

Software ID:

Software Version:

EIN: 34-1883284

Name: LIMA MEMORIAL JOINT OPERATING COMPANY

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
LIMA MEMORIAL HOSPITAL FOUNDATION	S	264,988	EQUITY TRANSFER
LIMA MEMORIAL PROFESSIONAL CORPORATION	R	9,379,512	EQUITY TRANSFER
LIMA MEMORIAL PROFESSIONAL CORPORATION	J	973,085	LEASE CONTRACT
ELM TREE FOUNDATION	K	140,433	LEASE CONTRACT
LIMA MEMORIAL PROFESSIONAL CORPORATION	P	310,578	CASH TRANSACTION
ELM TREE FOUNDATION	Q	150,000	CASH TRANSACTION

**Lima Memorial Health System**  
**(operating as Lima Memorial Hospital and Subsidiaries)**

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**Consolidated Financial Report**  
**December 31, 2013**

# **Lima Memorial Health System**

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### **Consolidated Financial Statements**

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## Independent Auditor's Report

To the Board of Directors  
Lima Memorial Health System

We have audited the accompanying financial statements of Lima Memorial Health System (operating as Lima Memorial Hospital and Subsidiaries) (the "Hospital"), which comprise 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 did not audit the financial statements of Lima Memorial Hospital Foundation, a controlled subsidiary of Lima Memorial Hospital, whose statements reflect total assets constituting 3 percent of the consolidated total assets at December 31, 2013 and 2012 and total revenue constituting .7 percent of consolidated total revenue for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lima Memorial Hospital Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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.



To the Board of Directors  
Lima Memorial Health System

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

***Opinion***

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lima Memorial Health System as of December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

March 14, 2014

# Lima Memorial Health System

## Consolidated Balance Sheet

	December 31	
	2013	2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 19,110,747	\$ 16,424,004
Patient accounts receivable	41,708,956	38,789,264
Less allowance for uncollectible accounts	<u>14,432,623</u>	<u>12,221,439</u>
Net patient accounts receivable	27,276,333	26,567,825
Supplies	3,385,056	3,495,730
Assets limited as to use or restricted - Pledges receivable (Note 5)	50,265	92,232
Prepaid expenses and other current assets	<u>5,850,486</u>	<u>5,555,012</u>
Total current assets	55,672,887	52,134,803
<b>Assets Limited as to Use or Restricted (Note 5)</b>		
By board designation	4,978,340	3,986,070
Other segregated investments	2,631,149	1,782,960
By donor restrictions	209,524	209,524
Pledges receivable	<u>344,168</u>	<u>318,265</u>
Total assets limited as to use or restricted	8,163,181	6,296,819
<b>Long-term Investments (Note 6)</b>	33,764,111	30,458,031
<b>Property and Equipment - Net (Note 7)</b>	97,478,702	101,562,727
<b>Other Assets</b>		
Deferred debt financing costs	646,132	442,599
Investments in affiliated organizations	523,257	349,579
Loans and other receivables - Net of allowance for uncollectible amounts of \$602,083 and \$701,203 in 2013 and 2012, respectively	<u>3,281,130</u>	<u>2,643,940</u>
Total other assets	<u>4,450,519</u>	<u>3,436,118</u>
Total assets	<u><b>\$ 199,529,400</b></u>	<u><b>\$ 193,888,498</b></u>

# Lima Memorial Health System

## Consolidated Balance Sheet (Continued)

	December 31	
	2013	2012
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt (Note 8)	\$ 1,495,531	\$ 32,585,177
Accounts payable	5,032,231	5,014,316
Accrued salaries and wages	3,703,711	3,881,847
Accrued compensated absences	3,575,142	3,567,823
Other accrued expenses	1,683,124	1,895,683
Estimated amounts due to third-party payors	4,089,161	3,694,248
Self-insurance liabilities (Note 9)	3,638,212	3,464,925
Total current liabilities	23,217,112	54,104,019
<b>Long-term Debt</b> - Less current portion (Note 8)	43,294,326	14,638,606
<b>Other Liabilities</b>		
Accrued pension liability	2,902,660	2,133,925
Interest rate swaps (Note 10)	7,581,948	12,294,218
Self-insurance liabilities (Note 9)	533,000	550,000
Asbestos liability (Note 1)	2,895,113	2,856,947
Accumulated loss in excess of investment in affiliated organizations	29,301	213,811
Total other liabilities	13,942,022	18,048,901
Total liabilities	80,453,460	86,791,526
<b>Net Assets</b>		
Unrestricted	118,276,099	106,403,143
Temporarily restricted	590,317	484,305
Permanently restricted	209,524	209,524
Total net assets	119,075,940	107,096,972
Total liabilities and net assets	<b>\$ 199,529,400</b>	<b>\$ 193,888,498</b>

# Lima Memorial Health System

## Consolidated Statement of Operations

	Year Ended December 31	
	2013	2012
<b>Unrestricted Revenue, Gains, and Other Support</b>		
Net patient service revenue	\$ 192,198,106	\$ 197,953,662
Less provision for bad debts	14,287,676	15,145,826
Net patient service revenue less provision for bad debts	177,910,430	182,807,836
Other revenue	5,356,919	3,502,514
Total unrestricted revenue, gains, and other support	183,267,349	186,310,350
<b>Expenses</b>		
Salaries and wages	76,622,934	78,134,561
Employee benefits	18,514,087	19,291,391
Medical fees	3,302,950	2,754,665
Supplies	24,040,745	24,752,805
Pharmaceuticals	8,071,340	7,841,876
Utilities	2,904,196	2,853,448
Purchased services	24,187,017	24,439,605
Insurance	1,212,312	1,119,445
Depreciation	11,179,450	10,084,000
Interest and amortization	2,051,569	2,081,713
Miscellaneous	7,147,301	8,820,685
Total expenses (Note 13)	179,233,901	182,174,194
<b>Operating Income</b>	4,033,448	4,136,156
<b>Other Income (Expense)</b>		
Investment income (Note 5)	926,123	749,702
Change in fair value of derivative instruments (Note 10)	4,712,270	410,088
Unrealized gains on trading securities (Note 5)	2,035,166	1,174,184
Contributions	66,211	146,830
Other expense	(179,811)	(282,111)
Total other income	7,559,959	2,198,693
<b>Excess of Revenue Over Expenses</b>	11,593,407	6,334,849
<b>Net Assets Released from Restrictions for Property and Equipment</b>	196,559	4,083,011
<b>Pension</b> - Change other than net periodic pension costs	82,990	(76,360)
<b>Increase in Unrestricted Net Assets</b>	<b>\$ 11,872,956</b>	<b>\$ 10,341,500</b>

# Lima Memorial Health System

## Consolidated Statement of Changes in Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Balance - January 1, 2012</b>	\$ 96,061,643	\$ 504,934	\$ 198,012	\$ 96,764,589
Excess of revenue over expenses	6,334,849	-	-	6,334,849
Restricted contributions	-	4,068,500	11,512	4,080,012
Unrealized loss on trading securities (Note 5)	-	(6,118)	-	(6,118)
Net assets released from restrictions for property and equipment	4,083,011	(4,083,011)	-	-
Pension - Change other than net periodic pension costs	(76,360)	-	-	(76,360)
<b>Increase (Decrease) in Net Assets</b>	<u>10,341,500</u>	<u>(20,629)</u>	<u>11,512</u>	<u>10,332,383</u>
<b>Balance - December 31, 2012</b>	106,403,143	484,305	209,524	107,096,972
Excess of revenue over expenses	11,593,407	-	-	11,593,407
Restricted contributions	-	276,591	-	276,591
Unrealized loss on trading securities (Note 5)	-	25,980	-	25,980
Net assets released from restrictions for property and equipment	196,559	(196,559)	-	-
Pension - Change other than net periodic pension costs	82,990	-	-	82,990
<b>Increase in Net Assets</b>	<u>11,872,956</u>	<u>106,012</u>	<u>-</u>	<u>11,978,968</u>
<b>Balance - December 31, 2013</b>	<u><b>\$ 118,276,099</b></u>	<u><b>\$ 590,317</b></u>	<u><b>\$ 209,524</b></u>	<u><b>\$ 119,075,940</b></u>

# Lima Memorial Health System

## Consolidated Statement of Cash Flows

	Year Ended December 31	
	2013	2012
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 11,978,968	\$ 10,332,383
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	11,212,750	10,117,301
Provision for bad debts	14,287,676	15,145,826
Decrease in allowance on loans and other receivables	(305,883)	(2,447,534)
Change in net unrealized gains and losses on trading securities	2,061,146	(1,168,066)
Pension - Change other than net periodic pension costs	(82,990)	76,360
Change in value of derivative instruments	(4,712,270)	(410,088)
Equity in gains of investments in affiliated organizations	(358,188)	(92,873)
Restricted contributions	(276,591)	(4,080,012)
Changes in:		
Patient accounts receivable	(14,996,184)	(15,957,828)
Supplies, prepaid expenses, and other assets	(516,107)	656,458
Accounts payable, other accrued expenses, and other liabilities	(38,357)	928,516
Accrued salaries, wages, and compensated absences	(170,817)	1,838,938
Estimated amounts due to third-party payors	394,913	863,535
Other liabilities	889,891	(116,231)
Net cash provided by operating activities	19,367,957	15,686,685
<b>Cash Flows from Investing Activities</b>		
Acquisition of property and equipment	(7,095,425)	(18,697,223)
Sales of investments	6,694	104,580
Purchases of investments	(7,214,379)	(2,116,480)
Net cash used in investing activities	(14,303,110)	(20,709,123)
<b>Cash Flows from Financing Activities</b>		
Debt issuance costs	(236,833)	-
Proceeds from issuance of debt	-	1,766,650
Restricted contributions	276,591	4,080,012
Change in pledges	16,064	66,181
Repayment of long-term debt	(2,433,926)	(1,951,142)
Net cash (used in) provided by financing activities	(2,378,104)	3,961,701
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	2,686,743	(1,060,737)
<b>Cash and Cash Equivalents - Beginning of year</b>	16,424,004	17,484,741
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 19,110,747</b>	<b>\$ 16,424,004</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 2,019,411	\$ 2,054,753
Property and equipment acquired via capital lease	-	969,427

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies

**Organization and Principles of Consolidation** - Lima Memorial Health System was formed in 1999 for the purpose of operating and managing Lima Memorial Hospital, an acute-care hospital, and its subsidiary corporations. The members of Lima Memorial Health System are Lima Memorial Hospital (LMH) and PH Ventures, Inc., whose sole member is ProMedica Health System, both Ohio nonprofit corporations.

As part of the formation of Lima Memorial Health System, LMH has agreed to have Lima Memorial Health System become the provider of services at the LMH facility. Pursuant to the joint operating agreement (the "Agreement") between Lima Memorial Health System, LMH, and PH Ventures, Inc., Lima Memorial Health System shall have complete control of the operation of LMH, subject to certain reserved powers.

The accompanying consolidated financial statements are those of Lima Memorial Health System (hereinafter referred to as the "Hospital") operating LMH and its subsidiary corporations. The subsidiary corporations consist of Lima Memorial Professional Corporation, Elm Tree Foundation, Lima Memorial Hospital Foundation, and Lima Memorial Hospital Auxiliary. Lima Memorial Hospital Heart Institute of Northwest Ohio, LLC was formed in May 2012 and is consolidated as a subsidiary of Lima Memorial Professional Corporation. During November 2013, LMH acquired the remaining interest in Ada Medical & Diagnostic Center, LTD and, as such, will be treated as a department of LMH.

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**Cash and Cash Equivalents** - Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts included with assets limited as to use or restriction.

**Accounts Receivable** - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for contractual adjustments is based on expected payment rates from payors based on current reimbursement methodologies. 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 Hospital'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 based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against claims by certain payors.

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

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 Hospital 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.

**Supplies** - Supplies are valued at the lower of cost (determined on a first-in, first-out basis) or net realizable value.

**Concentrations of Credit Risk** - Financial instruments which potentially subject the Hospital to concentrations of credit risk consist principally of cash and cash equivalents, patient accounts receivable, and assets limited as to use or restricted.

Concentration of credit risk relating to patient accounts receivable is limited to some extent by the diversity and number of the Hospital's patients and payors. Patient accounts receivable consist of amounts due from government programs, commercial insurance companies, private-pay patients, and other group insurance programs. No one payor source, excluding governmental programs, represents more than 10 percent of the Hospital's patient accounts receivable. The Hospital maintains an allowance for losses based on the expected collectibility of patient accounts receivable.

**Assets Limited as to Use or Restricted** - Assets limited as to use or restricted include assets set aside and limited by the board of directors as to their use, assets limited as to use under bond indenture agreements, other segregated investments, and assets with donor stipulations as to their use.

**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 gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specially restricted by the donor or by applicable state law. Investments are considered trading securities with the unrealized gains and losses included in the excess of revenue (under) over expenses.



# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Property and Equipment** - Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of acquisition. Depreciation of property and equipment held under capital leases is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Property and equipment are reviewed for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of are separately presented in the consolidated balance sheet, reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

**Costs of Borrowing** - Deferred debt financing costs are amortized over the period the obligation is outstanding using the straight-line method, which does not materially differ from the effective interest method.

**Investments in Affiliated Organizations** - The Hospital has various investments in affiliated organizations, which are accounted for on the equity basis of accounting. Investments in affiliations of greater than 20 percent, but not majority owned or controlled, are recorded on the equity method of accounting. The Hospital recognizes its portion of the gains (losses) of these investments in other miscellaneous operating expense on the consolidated statement of operations. The gains recognized were \$358,188 and \$92,873 in 2013 and 2012, respectively.

The Hospital is a 50 percent partner in North Central Ohio Physician Services (NCOPS) and treats its investment in NCOPS under the equity method. The Hospital guarantees 50 percent of NCOPS' outstanding line of credit (\$200,000 and \$499,723 at December 31, 2013 and 2012, respectively). The maximum potential future payment the Hospital could be required to make under the guarantee is \$100,000 and \$249,862 at December 31, 2013 and 2012, respectively. The line of credit is backed by the assets of both 50 percent partners in NCOPS.

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Pledges** - Unconditional promises to give are reported at fair value at the date the promise is received as receivables less an allowance for uncollectible amounts. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restriction. Total net pledge receivables were \$394,433 and \$410,497 as of December 31, 2013 and 2012, respectively, with an allowance of \$3,019 and \$5,545 as of December 31, 2013 and 2012, respectively. The pledges are discounted at a rate 4.5 percent per year.

**Self-insurance Costs** - The Hospital is self-insured for unemployment, workers' compensation, and employee health insurance. The estimated self-insurance costs include estimates of the ultimate costs for both reported claims and claims incurred but not reported on an undiscounted basis.

**Temporarily and Permanently Restricted Net Assets** - Temporarily restricted net assets are those net assets whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restrictions. At December 31, 2013 and 2012, the Hospital has approximately \$590,000 and \$484,000, respectively, of net assets temporarily restricted for capital purposes.

**Net Patient Service Revenue** - The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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.

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies (Continued)

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 of 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 Hospital 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 Hospital 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 Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital 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 \$192,198,106 and \$197,953,662 as of December 31, 2013 and 2012, respectively. As of December 31, 2013, this amount is made up of amounts from third-party payors of \$180,243,384 and amounts from self-pay payors of \$11,954,722. As of December 31, 2012, this amount is made up of amounts from third-party payors of \$186,808,871 and amounts from self-pay payors of \$11,144,791.

**Charity Care** - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care; they are not reported as net patient revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. 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 Hospital's total expenses divided by gross patient service revenue. The Hospital estimates that it provided \$7,697,000 and \$7,739,000 of costs for services to charity care patients during 2013 and 2012, respectively. The Hospital received \$1,620,000 and \$1,653,000 in net distributions from the Ohio Medicaid HCAP program in 2013 and 2012, respectively.

**Excess of Revenue Over Expenses** - The consolidated statement of operations includes excess of revenue over expenses, which is the operating indicator for the Hospital. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses consistent with industry practice, include pension change other than net periodic pension costs and net assets released from restrictions for property and equipment.

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Derivative Instruments** - The Hospital applies the provisions of the FASB standards related to the accounting for derivative instruments and certain hedging activities. The standards require that all derivative instruments be recorded on the consolidated balance sheet at their respective fair values. The interest rate swaps have not been designated as hedges for accounting purposes. Therefore, changes in the value of the interest rate swap are recorded in other income (expense) as a component of excess of revenue over expenses.

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

**Tax Status** - The Hospital, Lima Memorial Professional Corporation, Lima Memorial Hospital Foundation, and Lima Memorial Hospital Auxiliary are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes pursuant to Section 501(a) of the Code. Elm Tree Foundation, the for-profit subsidiary, is a taxable corporation. Elm Tree Foundation had net operating loss carryforwards of \$241,616 and \$199,063 on its filed income tax returns in 2013 and 2012, respectively. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital and recognize a tax liability if the Hospital 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 Hospital and has concluded that as of December 31, 2013, 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 Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2010.

**Collective Bargaining Agreement** - Approximately 18 percent of the Hospital's employees are covered by a collective bargaining agreement with the Ohio Nursing Association, which is set to expire November 1, 2014.

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Asbestos Liability** - The Hospital adopted the FASB standards for accounting for conditional asset retirement obligations. The standards state that the obligation to perform an asset retirement activity is unconditional if there is a legal obligation to perform the retirement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be estimated.

The fair value of legal obligations to perform asset retirement obligations that are conditional on a future event has been estimated in accordance with the FASB standards. Legal obligations to perform asset retirement obligations relate primarily to asbestos-containing building materials.

**Fair Value of Financial Instruments** - The following methods and assumptions were used by the Hospital to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value:

- **Cash and Cash Equivalents** - The carrying amount approximates fair value because of the short maturity of those instruments.
- **Investments** - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices.
- **Assets Limited as to Use** - These assets consist primarily of cash and investments and interest receivable. The carrying amount reported in the consolidated balance sheet represents fair value.
- **Accounts Receivable, Accounts Payable, and Accrued Liabilities** - The carrying amount reported in the consolidated balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.
- **Estimated Third-party Payor Settlements - Net** - The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements - net approximates its fair value.
- **Interest Rate Swaps** - The carrying amount reported in the consolidated balance sheet for interest rate swaps approximates their fair value. The fair value of the Hospital's interest rate swaps was determined by an independent party.
- **Long-term Debt** - The fair value of long-term debt is based on current rates at which the Hospital could borrow funds with similar remaining maturities.

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Electronic Health Records Incentive Payments** - 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 Hospital may receive an incentive payment for up to four years, provided the Hospital demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Hospital will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenue as the incentive payments are related to the Hospital's ongoing and central activities yet not critical to the delivery of patient service.

During 2012 and 2013, the Hospital and Lima Memorial Professional Corporation attested to Centers for Medicare and Medicaid Services (CMS) that they had met the first and second years of EHR reporting periods related to the first stage of meaningful use. As such, the incentive payments were recognized as income within other operating revenues in the amount of \$2,393,303 and \$976,841, respectively.

**Retirement Plan** - The Hospital maintains a voluntary defined contribution retirement plan for employees. Retirement expenses included in the consolidated statement of operations approximated \$1,961,000 and \$1,851,000 for the years ended December 31, 2013 and 2012, respectively. It is the Hospital's policy to fund retirement plan costs accrued, which are equal to established percentages of employees' compensation.

**Subsequent Events** - The consolidated financial statements and related disclosures include evaluation of events up through and including March 14, 2014, which is the date the consolidated financial statements were available to be issued.

### **Note 2 - Cash in Excess of Insured Limits**

The Hospital and its subsidiaries maintain cash and investment balances at several financial institutions located in the vicinity of Lima, 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 uninsured cash balances total approximately \$19,436,000 and \$6,298,000, respectively.

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 2 - Cash in Excess of Insured Limits (Continued)**

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 \$11,849,000, which is fully guaranteed by the FDIC.

### **Note 3 - Net Patient Service Revenue**

Revenue from Medicare and Medicaid programs accounted for approximately 44 percent and 45 percent of the Hospital's net patient revenue for the years ended December 31, 2013 and 2012, respectively. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

#### **(a) Medicare**

Under the Medicare program, inpatient services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

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 hospitals in 2010. The Hospital received several audit requests throughout the year. The audits completed have resulted in minimal paybacks; however, if selected for further audits, the potential exists for significant overpayments or underpayments of claims. The Hospital is unable to determine the extent of future liability for any overpayments found during the audits.

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 3 - Net Patient Service Revenue (Continued)**

#### **(b) Medicaid and Other Third-party Payors**

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a fixed reimbursement methodology. The Hospital is reimbursed at a tentative rate for capital with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

#### **(c) Commercial**

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Final reimbursement under the Medicare and Medicaid programs is subject to audit by fiscal intermediaries. Although these audits may result in some changes in amounts reimbursed, they are not expected to have a material impact on the accompanying consolidated financial statements. The effect of prior year settlements received in 2013 and 2012 resulted in an increase in net revenue of approximately \$2,128,000 and \$1,401,000, respectively. Program examinations of cost reports have been finalized for the Medicare program through December 31, 2009 and the Medicaid program through December 31, 2007. The 2007 and 2008 Medicare cost reports are finalized but have been appealed for supplemental security income percentage and rural floor.



# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 4 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are generally insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2013 and 2012 is as follows:

	Percent	
	2013	2012
Commercial insurance	34	33
Medicare	35	32
Medicaid	8	8
Self-pay	22	26
Other	1	1
	<u>100</u>	<u>100</u>
Total	<u>100</u>	<u>100</u>

### Note 5 - Assets Limited as to Use or Restricted

The composition of assets limited as to use or restricted at December 31, 2013 and 2012 is set forth in the following table. Investments are stated at fair value.

	2013	2012
Cash and money market funds	\$ 168,588	\$ 346,686
Certificates of deposit	9,746	9,744
U.S. corporate bonds	1,934,785	1,407,657
Mutual funds	5,705,894	4,214,467
Pledges receivable - Net	<u>394,433</u>	<u>410,497</u>
Total	<u>\$ 8,213,446</u>	<u>\$ 6,389,051</u>

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 5 - Assets Limited as to Use or Restricted (Continued)

Investment income, including gains and losses for assets limited as to use, investments, and cash and cash equivalents, is comprised of the following:

	2013	2012
Investment income	\$ 926,123	\$ 749,702
Unrealized gain on trading securities (unrestricted)	2,035,166	1,174,184
Unrealized gain (loss) on trading securities (temporarily restricted)	25,980	(6,118)

### Note 6 - Long-term Investments

Long-term investments are stated at market value and consist of the following:

	2013	2012
Mutual funds - Equities	\$ 10,243,886	\$ 7,158,411
Mutual funds - Alternative	588,202	531,465
Mutual funds - Fixed income	22,932,023	22,768,155
Total	<u>\$ 33,764,111</u>	<u>\$ 30,458,031</u>

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 7 - Property and Equipment

A summary of property and equipment is as follows:

	2013	2012
Land and improvements	\$ 5,858,451	\$ 5,687,130
Buildings and improvements	150,072,714	149,796,864
Equipment	81,152,330	76,129,754
Total	237,083,495	231,613,748
Less accumulated depreciation	140,728,965	130,051,021
Net	96,354,530	101,562,727
Construction in progress	1,124,172	-
Total	\$ 97,478,702	\$ 101,562,727

Depreciation expense, including assets under capital leases, totaled \$11,179,450 and \$10,084,000 in 2013 and 2012, respectively. Cost for equipment under capital lease obligations was \$6,576,149 and \$6,576,149; and accumulated depreciation was \$5,220,992 and \$4,641,110 for 2013 and 2012, respectively.

As of December 31, 2013, the Hospital had construction in progress related to the ICU renovations targeted for completion in 2015. The remaining commitment related to this project as of December 31, 2013 was approximately \$2,854,000, which will be financed by the 2014 bond proceeds.

### Note 8 - Long-term Debt

Long-term debt at December 31 is as follows:

	2013	2012
Hospital Facilities Improvement Revenue Bonds, Series 2007 (Series 2007 Bonds), bearing interest at a variable rate based on 68 percent of LIBOR (.06 percent at December 31, 2013 and .16 percent at December 31, 2012), maturing in varying amounts through March 1, 2037. Bonds refinanced as of February 2014	\$ 25,000,000	\$ 25,000,000

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 8 - Long-Term Debt (Continued)

	2013	2012
Hospital Facilities Improvement Revenue Bonds, Series 2003 (Series 2003 Bonds), bearing interest at a variable rate based on 70 percent of LIBOR (.05 percent at December 31, 2013 and .15 percent at December 31, 2012), maturing in varying amounts through 2023. Bonds refinanced as of February 2014	\$ 5,370,000	\$ 5,905,000
Hospital Facilities Improvement Revenue Bonds, Series 2000 (Series 2000 Bonds), bearing interest at a variable rate based on 65.5 percent of LIBOR (.40 percent at December 31, 2013 and .44 percent at December 31, 2012), maturing in varying amounts through April 1, 2014. Bonds refinanced as of February 2014	6,715,000	6,752,500
Hospital Facilities Improvement Revenue Bonds, Series 2000 (Series 2000 Bonds), bearing interest at a variable rate based on 65.5 percent of LIBOR (.40 percent at December 31, 2013 and .44 percent at December 31, 2012), maturing in varying amounts through January 1, 2015	1,128,750	1,996,250
Mortgage on physician office building #3, payable in monthly principal installments of \$12,500 beginning in January 2006, bearing interest at a variable rate (2.02 percent at December 31, 2013 and 2.06 percent at December 31, 2012), maturing on December 10, 2025. Bonds refinanced as of February 2014	4,550,000	4,780,000
Note payable for the purchase of the Robot, payable in monthly principal installments of \$31,369 beginning in November 2012, bearing interest at a fixed rate of 2.52 percent, maturing on October 15, 2017	1,374,094	1,711,274
Capital leases on various Hospital equipment, with implicit rates ranging from 2.52 percent to 4.39 percent, and payments through 2016	652,013	1,078,759
Total long-term debt	44,789,857	47,223,783
Less current portion of long-term debt	1,495,531	32,585,177
Long-term debt - Net of current portion	<u>\$ 43,294,326</u>	<u>\$ 14,638,606</u>

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 8 - Long-term Debt (Continued)**

The Series 2007 Bonds represent bonds issued by the City of Lima, Ohio (the "City") for the purpose of construction and equipment for a surgery expansion and renovation, obstetrics level II, completion of shell space, and remodeling existing patient rooms. The Bonds were refinanced in February 2014.

The Series 2003 Bonds represent bonds issued by the City for the purpose of constructing a new emergency department at the Hospital. The Bonds were refinanced in February 2014.

The Series 2000 Bonds represent \$7,000,000 of bonds issued by the Village of Fort Shawnee, Ohio and \$8,000,000 of bonds issued by the Village of Elida, Ohio (the "Villages") for the purpose of redeeming, constructing, improving, and equipping Hospital facilities. The Series 2000 Bonds - Ft. Shawnee mature in quarterly installments ranging from \$827,500 in 2012 to \$303,334 in 2015. The Series 2000 Bonds - Elida were refinanced in February 2014.

The variable rate Series 2007 and 2003 Bonds are remarketed on a weekly basis and are backed by a letter of credit. Should the remarketing agent be unable to remarket the Series 2007 or 2003 Bonds based on its best efforts, these bonds would be "put" back to the bond trustee, who would draw down on a letter of credit to pay down the failed remarketed bonds. The reimbursement agreement between the letter of credit bank and the Hospital provides for the Hospital to reimburse the letter of credit bank for any remarketing draws by the earlier of six months or by the termination date of the letter of credit, as long as no events of default under the bond agreement have occurred. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after December 31, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheet. Although the bonds provide for repayment over the terms indicated above, the reimbursement provisions of the letters of credit require the bonds to be classified as current liabilities in the consolidated balance sheet as of December 31, 2012. These bonds were refinanced in February 2014 and, as such, are classified on the consolidated balance sheet based on the payment terms from the Series 2014 Bonds.

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 8 - Long-term Debt (Continued)

In connection with the Series 2007, Series 2003, and Series 2000 Bonds, the City and the Villages, as lessors, and the Hospital, as lessee, each entered into lease agreements for the facilities financed with the proceeds of the bonds. Under the terms of the agreements, the Hospital leased property acquired through the issuance of debt to the City and the Villages and entered into a sublease, the terms of which constitute lease-purchase contracts with the leases terminating upon full payment of the revenue bonds issued by the City. The title of the leased property remains with the Hospital throughout the lease term. Additionally, the terms of the leases provide for the establishment and maintenance of certain funds under the control of the trustee into which the Hospital is to make regular rental payments to cover principal and interest on the Series 2007, 2003, and 2000 Bonds. Accordingly, such premises, together with the bond indebtedness, are included in the accompanying consolidated financial statements as assets and liabilities of the Hospital. Under the terms of the leases and indentures of trust, the Hospital has pledged the City and the Villages an interest in the Hospital's revenue (as defined) as security for such rental.

Expected scheduled principal repayments on long-term debt for the next five years and thereafter are as follows:

2014	\$ 1,495,531
2015	1,659,595
2016	1,204,633
2017	1,125,098
2018	860,000
Thereafter	<u>38,445,000</u>
Total	<u>\$ 44,789,857</u>

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 9 - Professional Liability**

The Hospital maintains a claims-made professional liability insurance policy. The policy provides for coverage on a claims-made basis up to \$1,000,000 per incident, with a \$5,000,000 aggregate annual limit and a \$100,000 deductible per claim. As of March 1, 2012, the employed physicians were carved out of the hospital policy and placed on separate claims-made policy with a \$1,000,000 per incident and \$5,000,000 aggregate annual limit with no deductible. Additionally, the Hospital maintains a \$20,000,000 umbrella policy. A liability associated with exposure for professional liability claims of \$2,031,108 and \$1,625,749 is recorded within self-insured liabilities on the consolidated balance sheet at December 31, 2013 and 2012, respectively. In addition, the Hospital has estimated a receivable from its insurance carrier for payment of those claims. The receivable is estimated at \$1,053,000 and \$591,000 at December 31, 2013 and 2012, respectively. The Hospital discounted these liabilities and receivable at a rate of 3.0 percent as of December 31, 2013 and 2012. Management believes that it is adequately reserved for professional liability exposures and that all pending litigation will be resolved without a material adverse effect on the Hospital's financial position or results of operations.

### **Note 10 - Derivative Instruments**

The Hospital enters into interest rate swap agreements to reduce the potential impact of increases in interest rates of variable rate long-term debt.

The Hospital entered into an interest rate swap agreement effective in 2003 whereby the Hospital pays a fixed rate of 3.07 percent and receives a floating rate equal to 70 percent of the one-month LIBOR. The notional amount decreases based on scheduled payments of the Series 2003 bonds and matures in June 2023. The notional value at December 31, 2013 and 2012 is equal to the outstanding principal of the Series 2003 bonds of \$5,370,000 and \$5,905,000, respectively. Swap agreements were terminated subsequent to year end and new swap agreements were entered into with a new counterparty.

The Hospital entered into an interest rate swap agreement effective December 10, 2004, whereby the Hospital pays a fixed rate of 5.115 percent and receives a floating rate equal to LIBOR plus 1.50 percent per annum. The notional amount is equal to the outstanding principal on the mortgage, which is \$4,550,000 and \$4,780,000 at December 31, 2013 and 2012, respectively. The notional value decreases based on scheduled payments of the mortgage loan on the physician office building #3 through 2025. Swap agreements were terminated subsequent to year end and new swap agreements were entered into with a new counterparty.

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 10 - Derivative Instruments (Continued)

The Hospital entered into an interest rate swap agreement effective April 1, 2007, whereby the Hospital pays a fixed rate of 3.64 percent and receives a floating rate equal to 65.5 percent of LIBOR. The notional amount is equal to the outstanding principal on the 2000 Ft. Shawnee bonds of \$1,128,750 and \$1,996,250 at December 31, 2013 and 2012, respectively. The notional value decreases based on scheduled payments on the Ft. Shawnee bonds and matures in January 2015.

The Hospital entered into an interest rate swap agreement effective April 1, 2007, whereby the Hospital pays a fixed rate of 3.80 percent and receives a floating rate equal to 65.5 percent of LIBOR. The notional amount is equal to the outstanding principal on the 2000 Elida bonds of \$6,715,000 and \$6,752,500 at December 31, 2013 and 2012, respectively. The notional value decreases based on scheduled payments on the Elida bonds and matures in April 2026. Swap agreements were terminated subsequent to year end and new swap agreements were entered into with a new counterparty.

The Hospital entered into an interest rate swap agreement effective August 1, 2007, whereby the Hospital pays a fixed rate of 4.17 percent and receives a floating rate equal to 68.0 percent of LIBOR. The notional amount is equal to the outstanding principal on the 2007 bonds of \$25,000,000 at December 31, 2013 and 2012. The notional value decreases based on scheduled payments on the 2007 bonds and matures in March 2037. Swap agreements were terminated subsequent to year end and new swap agreements were entered into with a new counterparty.

The one-month LIBOR ranged from 0.17 percent to 0.21 percent (average rate of 0.19 percent) in 2013. Payments equal to the differential between the amounts due to and from the financial institution are computed and exchanged quarterly and are recorded within interest expense. The change in fair value is included in other income and expense in the consolidated statement of operations for 2013 and 2012.

The fair value of derivatives held at December 31 was as follows:

	Liability Derivatives	
	2013	2012
Interest rate swaps	\$ 7,581,948	\$ 12,294,218

Liability derivatives are reported on the consolidated balance sheet as interest rate swaps.



# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 10 - Derivative Instruments (Continued)

The amounts of gain or loss recognized in the consolidated statement of operations attributable to derivative instruments and their locations in the consolidated statement of operations are as follows:

	Amount of (Loss) Gain Recognized	
	2013	2012
Interest expense	\$ (1,722,333)	\$ (1,762,000)
Change in fair value of derivative instruments	4,712,270	410,088

### Note 11 - Related Party Transactions

The Hospital has entered into various agreements in the normal course of business for banking services with companies for which certain officers of these companies are also members of the Hospital's board of directors.

### Note 12 - Lease Obligations

The Hospital leases various equipment or space under noncancelable operating leases expiring in various years through 2018. Total rental expense amounted to \$3,128,664 and \$3,050,349 for 2013 and 2012, respectively. Future minimum payments under the operating leases with initial terms in excess of one year as of December 31, 2013 are as follows:

2014	\$ 1,286,702
2015	1,115,535
2016	744,340
2017	484,372
2018	42,027

### Note 13 - Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are as follows:

	2013	2012
Healthcare services	\$ 150,556,477	\$ 118,122,756
General and administrative	28,677,424	64,051,438
Total expenses	<u>\$ 179,233,901</u>	<u>\$ 182,174,194</u>

# **Lima Memorial Health System**

## **Notes to Consolidated Financial Statements December 31, 2013 and 2012**

### **Note 14 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

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

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Hospital 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 and liabilities 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 or liability.

In instances whereby 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 Hospital's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 14 - Fair Value Measurements

Disclosures concerning assets and liabilities measured at fair value are as follows:

#### Assets and Liabilities 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
<b>Assets</b>				
Cash and cash equivalents -				
Short duration	\$ 6,278,491	\$ -	\$ -	\$ 6,278,491
Assets limited to use				
U S corporate bonds	-	1,934,785	-	1,934,785
Mutual funds - Equity				
U S	2,409,304	-	-	2,409,304
Non-U S	1,460,743	-	-	1,460,743
Mutual funds - Bonds				
U S	5,451	-	-	5,451
Non-U S	231	-	-	231
Mutual funds - Fixed income				
Short duration	875,818	-	-	875,818
Core	951,752	-	-	951,752
Mutual funds - Balanced	2,595	-	-	2,595
Total mutual funds	5,705,894	-	-	5,705,894
Pledge receivable -				
Beneficial interest in charitable remainder trust	-	-	344,168	344,168
Total assets limited to use	5,705,894	1,934,785	344,168	7,984,847
Long-term investments -				
Mutual funds - Equity				
Large-cap	4,645,098	-	-	4,645,098
Small/Mid-cap	2,644,711	-	-	2,644,711
Non-U S	2,954,077	-	-	2,954,077
Total mutual funds - Equity	10,243,886	-	-	10,243,886
Mutual funds - Alternative	588,202			588,202
Mutual funds - Fixed income				
Core	9,316,359	-	-	9,316,359
Short duration	13,615,664	-	-	13,615,664
Total mutual funds - Fixed income	22,932,023	-	-	22,932,023
Total long-term investments	33,764,111	-	-	33,764,111
Total assets	\$ 45,748,496	\$ 1,934,785	\$ 344,168	\$ 48,027,449
<b>Liabilities - Interest rate swaps</b>	\$ -	\$ 7,581,948	\$ -	\$ 7,581,948

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 14 - Fair Value Measurements (Continued)

Assets and Liabilities 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
<b>Assets</b>				
Cash and cash equivalents -				
Short duration	\$ 6,298,264	\$ -	\$ -	\$ 6,298,264
Assets limited to use				
U S corporate bonds	-	1,407,657	-	1,407,657
Mutual funds - Equity				
U S	1,662,856	-	-	1,662,856
Non-U S	1,312,336	-	-	1,312,336
Mutual funds - Bonds				
U S	3,748	-	-	3,748
Non-U S	183	-	-	183
Mutual funds - Fixed income				
Short duration	738,474	-	-	738,474
Core	496,870	-	-	496,870
Total mutual funds	4,214,467	-	-	4,214,467
Pledge receivable -				
Beneficial interest in charitable remainder trust	-	-	318,188	318,188
Total assets limited to use	4,214,467	1,407,657	318,188	5,940,312
Long-term investments				
Mutual funds - Equity				
Large-cap	3,157,335	-	-	3,157,335
Small/Mid-cap	1,791,771	-	-	1,791,771
Non-U S	2,209,305	-	-	2,209,305
Total mutual funds - Equity	7,158,411	-	-	7,158,411
Mutual funds - Alternative	531,465			531,465
Mutual funds - Fixed income				
Core	9,192,073	-	-	9,192,073
Short duration	13,576,082	-	-	13,576,082
Total mutual funds - Fixed income	22,768,155	-	-	22,768,155
Total long-term investments	30,458,031	-	-	30,458,031
Total assets	\$ 40,970,762	\$ 1,407,657	\$ 318,188	\$ 42,696,607
<b>Liabilities - Interest rate swaps</b>	\$ -	\$ 12,294,218	\$ -	\$ 12,294,218

# Lima Memorial Health System

## Notes to Consolidated Financial Statements December 31, 2013 and 2012

### Note 14 - Fair Value Measurements (Continued)

The fair value of corporate bonds at December 31, 2013 and 2012 was determined primarily on quoted prices from the Hospital's custodian bank.

The fair value of the interest rate swaps at December 31, 2013 and 2012 was determined by the counterparty.

#### Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis

Balance at January 1, 2012	\$ 324,306
Total unrealized losses for 2012	<u>(6,118)</u>
Balance at December 31, 2012	318,188
Total unrealized gains for 2013	<u>25,980</u>
Balance at December 31, 2013	<u>\$ 344,168</u>

Of the Level 3 assets that were still held by the Hospital at December 31, 2013, the unrealized gains are recognized within excess of revenue over expenses. The Hospital estimates the fair value of the beneficial interest in charitable remainder trust based upon the present value of the expected future cash flows using management's best estimates of key assumptions including payment periods and discount rates commensurate with the current market and other risk involved.

The Hospital'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.