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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 09-01-2013 , 2013, and ending 08-31-2014

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization UNION HOSPITAL INC		<b>D Employer identification number</b>  35-0876396	
	Doing Business As SEE SCHEDULE O			
	Number and street (or P O box if mail is not delivered to street address) 1606 NORTH SEVENTH STREET	Room/suite	E Telephone number  (812) 238-7000	
	City or town, state or province, country, and ZIP or foreign postal code TERRE HAUTE, IN 47804		<b>G</b> Gross receipts \$ 416,537,000	
	<b>F</b> Name and address of principal officer WAYNE HUTSON 1606 NORTH SEVENTH STREET TERRE HAUTE, IN 47804		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶	

<b>I</b> Tax-exempt status	<input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀(insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
<b>J Website:</b> ▶	WWW.UHHG.ORG				
<b>K</b> Form of organization	<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	<b>L</b> Year of formation	1892	<b>M</b> State of legal domicile	IN

Part I		Summary		
Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities WE EXIST TO SERVE OUR PATIENTS WITH COMPASSIONATE HEALTH CARE OF THE HIGHEST QUALITY			
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)		<b>3</b> 14	
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)		<b>4</b> 9	
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a)		<b>5</b> 2,539	
<b>6</b> Total number of volunteers (estimate if necessary)		<b>6</b> 256		
<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12		<b>7a</b> 589,274		
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34		<b>7b</b> -15,626		
Revenue			<b>Prior Year</b>	<b>Current Year</b>
	<b>8</b>	Contributions and grants (Part VIII, line 1h)	1,144,196	1,031,914
	<b>9</b>	Program service revenue (Part VIII, line 2g)	402,198,279	403,040,851
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	648,762	3,380,751
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,416,313	6,493,752
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	409,407,550	413,947,268
Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	355,520	309,566
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	154,205,283	152,555,825
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	258,432,173	262,014,459
	<b>18</b>	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	412,992,976	414,879,850
	<b>19</b>	Revenue less expenses Subtract line 18 from line 12	-3,585,426	-932,582
Net Assets or Fund Balances			<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b>	Total assets (Part X, line 16)	467,417,016	449,570,555
	<b>21</b>	Total liabilities (Part X, line 26)	340,745,314	328,438,244
	<b>22</b>	Net assets or fund balances Subtract line 21 from line 20	126,671,702	121,132,311

Part II

Signature Block

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

Sign Here	*****	2015-07-21
	Signature of officer	Date
	WAYNE HUTSON CFO	Type or print name and title

Paid Preparer Use Only	Prnt/Type preparer's name AMBER KOCHER CPA	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P01286298
	Firm's name ▶ BLUE & CO LLC	Firm's EIN ▶ 35-1178661			
	Firm's address ▶ ONE AMERICAN SQUARE 2200 INDIANAPOLIS, IN 46282	Phone no (317) 633-4705			

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

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




















4a (Code) ) (Expenses \$ 388,936,090 including grants of \$ 309,566 ) (Revenue \$ 403,135,052 )

UNION HOSPITAL (UHI), UNION HOSPITAL CLINTON (UHC), AND OUR NETWORK OF PRIMARY CARE PHYSICIANS JOIN TOGETHER TO PROVIDE COMPREHENSIVE CARE TO RESIDENTS OF WEST CENTRAL INDIANA AND EASTERN ILLINOIS. OUR FACILITIES AT UNION HOSPITAL INCLUDE TWO HOSPITALS AND MORE THAN 40 PRIMARY AND SPECIALTY CARE PHYSICIANS AND MID-LEVEL PROVIDERS. WE ARE THE LARGEST PROVIDER OF NOT-FOR-PROFIT HEALTH CARE SERVICES BETWEEN INDIANAPOLIS AND ST. LOUIS ALONG THE I-70 CORRIDOR, SERVING VIGO, PARKE, VERMILLION, CLAY, SULLIVAN AND GREENE COUNTIES IN INDIANA, AND CLARK AND EDGAR COUNTIES IN ILLINOIS AS OUR PRIMARY SERVICE AREA. OUR SECONDARY SERVICE AREA INCLUDES CRAWFORD COUNTY IN ILLINOIS. CONTINUE TO SCHEDULE 0. CLAY GREENE SULLIVAN PARKE VERMILLION VIGOPOPULATION 26,803 32,781 21,223 17,202 15,878 108,291 RANK IN IND. 59TH 51ST 69TH 77TH 79TH 17TH SQ MILES 357 50 542 5 447 10 444 70 256 9 403 30 POP/SQ MILE 74 97 60 43 47 47 38 68 63 81 268 51 LARGEST CITY BRAZIL LINTON SULLIVAN ROCKVILLE CLINTON TERRE HAUTE POPULATION 8,153 5,373 4,205 2,581 4,826 61,112 MEDIAN AGE 40 5 42 1 40 1 41 7 42 1 35 9 POVERTY RATE 12 4% 10 6% 13 3% 8 2% 11 8% 14 0% UNEMPLOYMENT RATE 6 6 8 2 7 6 7 2 8 8 7 8 AVG HOUSEHOLD INCOME 46,430 43,980 43,510 43,870 42,524 40,692 CHILDREN LIVING BELOW POVERTY 22 2% 16 5% 25 0% 20 2% 23 1% 28 4% UNION HOSPITAL HAS BEEN SERVING COMMUNITIES IN WEST CENTRAL INDIANA AND EAST CENTRAL ILLINOIS FOR THE PAST 120 YEARS. UNION HOSPITAL SERVES 275,000 PEOPLE IN BOTH URBAN AND RURAL AREAS, CLAY, GREENE, SULLIVAN, PARKE, VERMILLION AND VIGO COUNTIES IN INDIANA ALONG WITH CLARK AND CRAWFORD COUNTIES IN ILLINOIS. MAKE UP OUR PRIMARY SERVICE AREA AS IT RELATES TO COMMUNITY BENEFIT. THE MAJORITY OF FAMILIES IN OUR SERVICE AREA FALL SIGNIFICANTLY BELOW THE NATIONAL AND STATE MEDIAN HOUSEHOLD INCOME. AS THE LARGEST NOT-FOR-PROFIT HEALTHCARE PROVIDER BETWEEN ST. LOUIS AND INDIANAPOLIS, WE ARE PROUD TO BE THE SAFETY NET HOSPITAL FOR OUR COMMUNITY PROVIDING OVER \$75 MILLION IN TOTAL COMMUNITY BENEFITS, THAT INCLUDE \$33 MILLION IN CHARITY CARE TO OUR COMMUNITY. THE PEOPLE WHO MAKE UP UHI ARE DEVOTED TO HELPING OTHERS. WHETHER THEY PROVIDE CARE TO PATIENTS IN OUR HOSPITALS AND CLINICS, VOLUNTEER FOR COMMUNITY SERVICE ORGANIZATIONS AND CAUSES, OR ORGANIZE BAKE SALES FOR FELLOW EMPLOYEES IN NEED, OUR EMPLOYEES EXEMPLIFY A SPIRIT OF CARING. THAT SPIRIT OF CARING IS HARDWIRED THROUGHOUT THE ORGANIZATION FROM OUR VOLUNTEER BOARD OF DIRECTORS TO OUR LEADERSHIP TEAM TO OUR STAFF, PHYSICIANS AND VOLUNTEERS. ALL AROUND THE COMMUNITIES WE SERVE, YOU WILL FIND OUR CARING PEOPLE SERVING AS LEADERS IN CHURCHES, SCHOOLS AND COMMUNITY ORGANIZATIONS. THAT WEB OF INVOLVEMENT PROVIDES A RICH CONNECTION TO THE NEEDS OF OUR COMMUNITY AND GUIDES OUR ACTIVITIES TO IMPROVE THE QUALITY OF LIFE FOR ALL THAT WE SERVE. OUR COMMUNITIES ARE BOTH URBAN AND RURAL BUT SHARE A COMMON TRAIT: HOUSEHOLD INCOMES THAT FALL FAR BELOW THE STATE AND NATIONAL AVERAGES. ACCESS TO CARE IS A CHALLENGE FOR THOSE LIVING IN URBAN POVERTY AND THOSE WHO LIVE IN THE RURAL COUNTRYSIDE. THE SERVICES AND PROGRAMS OUTLINED IN THIS COMMUNITY BENEFIT REPORT WERE DESIGNED TO MEET THE NEEDS OF THE POOR AND UNINSURED AND TO IMPROVE ACCESS TO HEALTH CARE IN OUR RURAL COMMUNITIES. THE RICHARD G. LUGAR CENTER FOR RURAL HEALTH IS AN INNOVATION CENTER DESIGNED TO GIVE PROVIDERS THE TOOLS AND TRAINING TO SUCCESSFULLY ESTABLISH MEDICAL PRACTICE IN RURAL AREAS. THE CLAY CITY CENTER FOR FAMILY MEDICINE IS A MODEL TRAINING SITE FOR FAMILY MEDICINE RESIDENTS AND A VITAL RURAL HEALTH CLINIC SERVING THE PEOPLE OF CLAY COUNTY, INDIANA. A MULTI-DISCIPLINARY TEAM APPROACH PROVIDES A HIGH LEVEL OF SERVICE TO THIS AREA AND HAS RESULTED IN IMPRESSIVE HEALTH IMPROVEMENTS FOR ITS PEOPLE. UHI ALSO PROVIDES PRE-NATAL CARE FOR INDIGENT POPULATIONS BY OFFERING THE FOLLOWING SERVICES ON A SLIDING PAY SCALE: PRENATAL CARE, SUPPORT AND DELIVERY ARE PROVIDED THROUGH A TEAM OF PHYSICIANS, NURSES, SOCIAL WORKERS, AND SUBSTANCE ABUSE COUNSELORS TO WOMEN. OUR SPIRIT OF CARING MAKES US NATURAL PARTNERS WITH PROVIDENCE SELF SUFFICIENCY MINISTRIES' ST. ANN CLINIC, A FREE PRIMARY CARE CLINIC SERVING THE CITY OF TERRE HAUTE'S POOREST POPULATION. UNION HOSPITAL AFFILIATED PHYSICIANS, NURSES AND OTHERS PROVIDE THOUSANDS OF VOLUNTEER HOURS EACH YEAR TO STAFF THE CLINIC. UPON SEEING THE GROWING NEED FOR CARE, UHI HAS PROVIDED FUNDING FOR A FULL-TIME NURSE PRACTITIONER TO SEE PATIENTS AT THE CLINIC. THE CLINIC HAS BEEN SUCCESSFUL IN HELPING PATIENTS WITH CHRONIC DISEASE MANAGEMENT. WE KNOW THAT MANY WOMEN WILL FOREGO BREAST HEALTH SCREENING TO PUT THE NEEDS OF THEIR FAMILIES FIRST. MANY MORE WOMEN ARE CONCERNED THAT IF A PROBLEM IS FOUND IT WILL PUT TERRIBLE FINANCIAL BURDENS ON THEIR FAMILIES. PARTNERSHIPS WITH THE STATE OF INDIANA AND THE SUSAN G. KOMEN FOUNDATION HAVE ALLOWED THE CLARA FAIRBANKS CENTER FOR WOMEN TO PROVIDE SCREENING AND DIAGNOSIS AS WELL AS FOLLOW-UP CARE TO AREA WOMEN IN NEED, PROVIDING PEACE OF MIND AND DETECTING BREAST CANCERS EARLY. A WOMAN RECENTLY SERVED EXCLAIMED, "YOU SAVED MY LIFE AND MY HOUSE!" ENCOURAGING ACTIVE, HEALTHY LIFESTYLES AND PROVIDING ROLE MODELS IS THE GOAL BEHIND THE PERFECT PARTNERS PROGRAM, A PARTNERSHIP BETWEEN UNION AND BENJAMIN FRANKLIN ELEMENTARY SCHOOL. THIS LOW-COST, HIGH-IMPACT PROGRAM SERVES THE AREA'S POOREST INNER-CITY SCHOOL WITH FITNESS AND NUTRITION PROGRAMS, HEALTH FAIRS AND CAREER DAYS.

[illegible]

<b>4e</b>	<b>Total program service expenses</b>	<b>388,936,090</b>
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or 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	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b		No
36	<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.	157	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2,539	
2b 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).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		Yes	
3b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		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)?			No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?			No
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?			
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
7d If "Yes," indicate the number of Forms 8282 filed during the year.			
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?			
9b Did the organization make a distribution to a donor, donor advisor, or related person?			
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.			
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.			
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
12b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.			
13b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.			
13c Enter the amount of reserves on hand.			
14a Did the organization receive any payments for indoor tanning services during the tax year?			No
14b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶IN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶WAYNE HUTSON CFO 1606 N SEVENTH STREET TERRE HAUTE, IN 47804 (812) 238-7000

Part VII

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

Check if Schedule O contains a response 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) MOLLY CALLAHAN	2 00	X		X				0	0	0
CHAIRMAN	3 00									
(2) CINDY MARTIN	2 00	X		X				0	0	0
VICE CHAIRMAN	1 00									
(3) WILLIAM G GRIMES	2 00	X		X				0	0	0
SECRETARY	3 00									
(4) DAN DEBARD	2 00	X		X				0	0	0
TREASURER	0 00									
(5) FREDERICK BAUER	2 00	X						0	0	0
ASST SECRETARY	0 00									
(6) WARD HUBBARD	2 00	X						0	0	0
ASST TREASURER	1 00									
(7) CURTIS BRIGHTON	2 00	X						0	0	0
MEMBER	2 00									
(8) ROBERT HAERR	2 00	X						0	0	0
MEMBER	0 00									
(9) JACQUELINE HOLDER	2 00	X						0	0	0
MEMBER	0 00									
(10) JOHN LUKENS	2 00	X						0	0	0
MEMBER	0 00									
(11) MARK LYNCH	2 00	X						0	0	0
MEMBER	0 00									
(12) DR DAVID SOUTHWICK	2 00	X						0	0	0
MEMBER	0 00									
(13) ROBERT MCCLAUGHLIN	2 00	X						0	0	0
MEMBER	0 00									
(14) STEVEN HOLMAN	40 00	X		X				0	0	0
PRESIDENT & CEO 5 5 14 TO PRESENT	4 00									
(15) WAYNE HUTSON	40 00			X				382,527	0	-56,612
SR VP FINANCE/CFO	5 00									
(16) KYM PFRANK	40 00			X				321,120	0	33,561
VICE PRESIDENT/COO	2 00									
(17) JOHN BOLINGER	40 00			X				405,028	0	27,780
VICE PRESIDENT MED AFFAIRS	0 00									



**Part VII**

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JEANNETTE SPRADLIN VICE PRESIDENT	40 00 0 00			X				144,928	0	17,934
(19) RHONDA SMITH VICE PRESIDENT	40 00 0 00			X				243,271	0	28,081
(20) SALLY ZUEL VICE PRESIDENT	40 00 0 00			X				201,437	0	-760
(21) PAMELA DEETER VICE PRESIDENT	40 00 0 00			X				172,880	0	7,879
(22) TERRI HILL VICE PRESIDENT	40 00 0 00			X				218,002	0	907
(23) KRISTI WILLIAMS SYSTEM DIRECTOR - PHARMACY	40 00 0 00				X			190,051	0	32,227
(24) PRADEEP NAROTAM NEUROSURGEON	40 00 0 00					X		945,608	0	-41,261
(25) LINGAN SIDDA RADIOLOGIST	40 00 0 00					X		870,303	0	27,612
(26) NABIL MNAYARJI RADIOLOGIST	40 00 0 00					X		801,723	0	34,739
(27) RITA RATANI RADIOLOGIST	40 00 0 00					X		783,802	0	35,548
(28) VIPUL SHAH RADIOLOGIST	40 00 0 00					X		777,448	0	23,378
(29) DAVID DOEER FORMER PRESIDENT & CEO	0 00 0 00						X	415,898	0	-235,908
(30) SCOTT TEFFETELLER FORMER PRESIDENT & CEO	0 00 0 00						X	794,406	0	29,443
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								7,668,432	0	-35,452

**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▶130

		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>	3 Yes	
<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>	4 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>	5	No

**Section B. Independent Contractors**

<b>1</b>	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
PROVIDENCE MEDICAL GROUP 2723 S 7TH ST TERRE HAUTE IN 47802	MEDICAL SERVICES AND RENT	18,195,369
CARDIOVASCULAR MANAGEMENT LLC 2723 S 7TH ST TERRE HAUTE IN 47802	MEDICAL MANAGEMENT SERVICES	15,219,432
AMBULATORY SURGERY MANAGEMENT 221 S 6TH ST TERRE HAUTE IN 47802	MEDICAL MANAGEMENT SERVICES	6,505,792
ONCOLOGY SERVICES GROUP LLC 6100 W 96TH STE 125 INDIANAPOLIS IN 46278	MEDICAL SERVICES	2,822,871
FRESENIUS MEDICAL 2723 S 7TH ST TERRE HAUTE IN 47802	MEDICAL SERVICES	2,040,961
<b>2</b>	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶43	

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	139,348		
	e	Government grants (contributions)	1e	892,566		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .		1,031,914		
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 900099	403,040,851	403,040,851	
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .		403,040,851		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		3,009,615	
4		Income from investment of tax-exempt bond proceeds . . . . .				
5		Royalties . . . . .				
6a		Gross rents	(i) Real 1,321,004	(ii) Personal		
b		Less rental expenses	2,532,214			
c		Rental income or (loss)	-1,211,210			
d		Net rental income or (loss) . . . . .		-1,211,210		-1,211,210
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other 428,654		
b		Less cost or other basis and sales expenses		57,518		
c		Gain or (loss)		371,136		
d		Net gain or (loss) . . . . .		371,136		371,136
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	CAFETERIA REVENUE	900099	2,110,550		2,110,550	
b	AP & S PURCHASE SERVICES	900099	722,963		722,963	
c	CHILD DEVELOPMENT REVENUE	624410	617,913	253,530	364,383	
d	All other revenue . . . . .		4,253,536	335,744	3,917,792	
e	Total. Add lines 11a-11d . . . . .		7,704,962			
12	Total revenue. See Instructions . . . . .		413,947,268	403,040,851	589,274	9,285,229

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.	309,566	309,566		
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.	2,111,694	1,979,713	131,981	
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.	134,216,081	125,108,195	9,107,886	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	5,511,863	5,167,372	344,491	
9	Other employee benefits.	1,875,492	1,758,274	117,218	
10	Payroll taxes.	8,840,695	8,288,152	552,543	
11	Fees for services (non-employees):				
a	Management.	24,000	22,500	1,500	
b	Legal.	217,940	204,319	13,621	
c	Accounting.	2,892	2,711	181	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	4,444,825	4,167,023	277,802	
12	Advertising and promotion.	442,533	414,875	27,658	
13	Office expenses.	13,200,857	12,375,803	825,054	
14	Information technology.				
15	Royalties.				
16	Occupancy.	13,137,964	12,316,841	821,123	
17	Travel.	442,924	415,241	27,683	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	16,036,044	15,033,791	1,002,253	
21	Payments to affiliates.	11,074,819	10,382,643	692,176	
22	Depreciation, depletion, and amortization.	24,986,018	23,424,392	1,561,626	
23	Insurance.	14,939,810	14,006,072	933,738	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	PURCHASED SERVICES	76,653,157	72,548,598	4,104,559	
b	MEDICAL SUPPLIES	56,805,781	53,255,420	3,550,361	
c	HAF FEE	19,287,012	18,081,574	1,205,438	
d					
e	All other expenses	10,317,883	9,673,015	644,868	
25	Total functional expenses. Add lines 1 through 24e.	414,879,850	388,936,090	25,943,760	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)	
				Beginning of year		End of year	
Assets	1	Cash—non-interest-bearing . . . . .		20,779,789	1	14,382,764	
	2	Savings and temporary cash investments . . . . .			2		
	3	Pledges and grants receivable, net . . . . .			3		
	4	Accounts receivable, net . . . . .		54,591,782	4	53,971,729	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .			5		
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L . . . . .			6		
	7	Notes and loans receivable, net . . . . .			7		
	8	Inventories for sale or use . . . . .		4,393,058	8	4,278,475	
	9	Prepaid expenses and deferred charges . . . . .		5,871,523	9	5,544,062	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	510,316,552			
	b	Less accumulated depreciation . . . . .	10b	233,820,931	286,118,342	10c	276,495,621
	11	Investments—publicly traded securities . . . . .		82,729,377	11	84,651,359	
	12	Investments—other securities See Part IV, line 11 . . . . .		5,699,744	12	5,858,039	
	13	Investments—program-related See Part IV, line 11 . . . . .			13		
	14	Intangible assets . . . . .		4,338,399	14	1,461,027	
	15	Other assets See Part IV, line 11 . . . . .		2,895,002	15	2,927,479	
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .		467,417,016	16	449,570,555		
Liabilities	17	Accounts payable and accrued expenses . . . . .		52,391,537	17	50,064,674	
	18	Grants payable . . . . .			18		
	19	Deferred revenue . . . . .		210,418	19	100,474	
	20	Tax-exempt bond liabilities . . . . .		253,064,786	20	250,880,000	
	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 . . . . .		21,915,755	23	20,847,183	
	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 . . . . .		13,162,818	25	6,545,913	
	26	Total liabilities. Add lines 17 through 25 . . . . .		340,745,314	26	328,438,244	
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 . . . . .		122,155,732	27	116,748,593	
	28	Temporarily restricted net assets . . . . .		3,112,147	28	2,825,369	
	29	Permanently restricted net assets . . . . .		1,403,823	29	1,558,349	
	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 . . . . .		126,671,702	33	121,132,311	
	34	Total liabilities and net assets/fund balances . . . . .		467,417,016	34	449,570,555	

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	413,947,268
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	414,879,850
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	-932,582
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	126,671,702
5	Net unrealized gains (losses) on investments . . . . .	5	-554,634
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	-4,052,175
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	121,132,311

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization UNION HOSPITAL INC	Employer identification number 35-0876396
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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 <sup>1</sup> / <sub>3</sub> % 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 <sup>1</sup> / <sub>3</sub> % 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 <b>(ii)</b> and <b>(iii)</b> below, the governing body of the supported organization? <b>(ii)</b> A family member of a person described in <b>(i)</b> above? <b>(iii)</b> A 35% controlled entity of a person described in <b>(i)</b> or <b>(ii)</b> 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*.**

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2013

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

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

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

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

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

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

Name of the organization UNION HOSPITAL INC	Employer identification number  35-0876396
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		13,374
j	Total. Add lines 1c through 1i.			13,374
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	PERCENTAGE OF INDIANA HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION DUES PAID ATTRIBUTABLE TO LOBBYING EXPENSES AS DEFINED IN FEDERAL LAW

## Part IV

## Return Reference

### Explanation

SCHEDULE D  
(Form 990)

Supplemental Financial Statements

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 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).

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

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013

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 . . . . .	1,403,823	976,358	958,444	946,496	969,067
b Contributions . . . . .					
c Net investment earnings, gains, and losses	154,526	427,465	17,914	44,026	17,441
d Grants or scholarships . . . . .				20,970	27,706
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .				11,108	12,306
g End of year balance . . . . .	1,558,349	1,403,823	976,358	958,444	946,496

- 2

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

a

Board designated or quasi-endowment

b

Permanent endowment 100 000 %

c

Temporarily restricted endowment

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

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 . . . . .		17,701,471		17,701,471
b Buildings . . . . .		356,959,706	127,652,774	229,306,932
c Leasehold improvements . . . . .		3,179,332	2,206,985	972,347
d Equipment . . . . .		126,888,794	103,961,172	22,927,622
e Other . . . . .		5,587,249		5,587,249
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				276,495,621

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 V, LINE 4	THE CORPORATION'S ENDOWMENT CONSISTS OF INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES WHICH WERE DONOR-RESTRICTED. NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE CORPORATION TO FUNCTION AS ENDOWMENTS, ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS.
PART X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE CORPORATION AND RECOGNIZE A TAX LIABILITY IF THE CORPORATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE CORPORATION, AND HAS CONCLUDED THAT AS OF AUGUST 31, 2014 AND 2013, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS. THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. FILINGS ARE CURRENT THROUGH 2013. THE IMPACT OF THE SUBSIDIARIES TAX CONSEQUENCES IS IMMATERIAL TO THESE FINANCIAL STATEMENTS.

[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  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			10,850,544		10,850,544	2 620 %
b Medicaid (from Worksheet 3, column a) . . . . .			80,882,124	40,730,326	40,151,798	9 680 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . .			177,404,676	143,241,588	34,163,088	8 230 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . .			269,137,344	183,971,914	85,165,430	20 530 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			4,925,682		4,925,682	1 190 %
f Health professions education (from Worksheet 5) . . . .			8,136,208	2,614,924	5,521,284	1 330 %
g Subsidized health services (from Worksheet 6) . . . .			11,568,566	3,921,194	7,647,372	1 840 %
h Research (from Worksheet 7) . . . .			214,721		214,721	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . .			310,060		310,060	0 070 %
j <b>Total</b> Other Benefits . . . .			25,155,237	6,536,118	18,619,119	4 480 %
k <b>Total.</b> Add lines 7d and 7j . . . .			294,292,581	190,508,032	103,784,549	25 010 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
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 IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

37,344,559

3

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

3

4

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

Section B. Medicare

5

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

5

120,348,639

6

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

6

127,880,111

7

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

7

-7,531,472

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 IVManagement Companies and Joint Ventures

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

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

## Section A. Hospital Facilities

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

**Schedule H (Form 990) 2013**

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

UNION HOSPITAL

Name of hospital facility or facility reporting group

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>12</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> Yes	
<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>SEE PART VI, SUPPLEMENTAL INFO</u>		
<b>b</b> <input type="checkbox"/> Other website (list url) _____		
<b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input checked="" 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 type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input 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 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> Yes	
<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
<b>9</b> 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?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input checked="" type="checkbox"/> Asset level			
<b>c</b> <input checked="" type="checkbox"/> Medical indigency			
<b>d</b> <input checked="" type="checkbox"/> Insurance status			
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount			
<b>f</b> <input checked="" type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Residency			
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes
<b>14</b> 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)		<b>14</b>	Yes
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input type="checkbox"/> The policy was available upon request			
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> 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? . . . . .		<b>15</b>	Yes
<b>16</b> 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			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)			
<b>17</b> 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		<b>17</b>	No
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <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
<b>19</b> Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why	Yes	
<div><b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions</div> <div><b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing</div> <div><b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)</div> <div><b>d</b> <input type="checkbox"/> Other (describe in Part VI)</div>		

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

<b>20</b> 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		
<div><b>a</b> <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged</div> <div><b>b</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</div> <div><b>c</b> <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged</div> <div><b>d</b> <input type="checkbox"/> Other (describe in Part VI)</div>		
<b>21</b> 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
<b>22</b> 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



Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

UNION HOSPITAL CLINTON

Name of hospital facility or facility reporting group

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 ) 2

	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>12</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> Yes	
<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) _____		
<b>b</b> <input type="checkbox"/> Other website (list url) _____		
<b>c</b> <input checked="" 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 type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input 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 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> Yes	
<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
<b>9</b> 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?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input checked="" type="checkbox"/> Asset level			
<b>c</b> <input checked="" type="checkbox"/> Medical indigency			
<b>d</b> <input checked="" type="checkbox"/> Insurance status			
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount			
<b>f</b> <input checked="" type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Residency			
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes
<b>14</b> 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)		<b>14</b>	Yes
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input type="checkbox"/> The policy was available upon request			
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> 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? . . . . .		<b>15</b>	Yes
<b>16</b> 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			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)			
<b>17</b> 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		<b>17</b>	No
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <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	19 Yes	
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d <input type="checkbox"/> Other (describe in Part VI)		

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input type="checkbox"/> Other (describe in Part VI)		
21 During the tax year, did the hospital facility charge any FAP-eligible 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	21	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	22	No

**Part V Facility Information** *(continued)*

**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? **14**

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

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 3C	SCHEDULE H PART I LINE 3BDESCRIPTION OF FAMILY INCOME LIMIT FOR DISCOUNTED CARETHE ORGANIZATION PROVIDES PARTIAL ASSISTANCE FOR INCOME LEVELS BETWEEN 150% AND 200% OF FEDERAL POVERTY GUIDELINES, AND OFFERS DISCOUNTED CARE ON A SLIDING SCALE FOR INCOME LEVELS BETWEEN 250% AND 400% OF FEDERAL POVERTY GUIDELINES

Form and Line Reference	Explanation
SCHEDULE H PART I LINE 3B	DESCRIPTION OF FAMILY INCOME LIMIT FOR DISCOUNTED CARETHE ORGANIZATION PROVIDES PARTIAL ASSISTANCE FOR INCOME LEVELS BETWEEN 150% AND 200% OF FEDERAL POVERTY GUIDELINES, AND OFFERS DISCOUNTED CARE ON A SLIDING SCALE FOR INCOME LEVELS BETWEEN 250% AND 400% OF FEDERAL POVERTY GUIDELINES

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



Form and Line Reference	Explanation
PART III, LINE 4	FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES CAN BE FOUND ON PAGE 13 AND PAGE 14 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS UNDER THE FINANCIAL FOOTNOTE "PATIENT ACCOUNTS RECEIVABLE, ESTIMATED THIRD PARTY SETTLEMENT, AND NET PATIENT SERVICE REVENUE" EXPLANATION FOR LINE 2 AND 3 OR RATIONAL FOR INCLUDING OTHER BAD DEBT AMOUNT IN COMMUNITY BENEFIT THE HOSPITAL HAS A DETAILED FINANCIAL ASSISTANCE POLICY WHICH STATES THAT TO PARTICIPATE IN CHARITY CARE CANDIDATES MUST COOPERATE FULLY IN ADDITION THE HOSPITAL EDUCATES PATIENTS WITH LIMITED ABILITY TO PAY REGARDING FINANCIAL ASSISTANCE FOR THIS REASON THE ORGANIZATION BELIEVES THAT IT ACCURATELY CAPTURES ALL CHARITY CARE DEDUCTIONS PROVIDED ACCORDING TO THE FINANCIAL ASSISTANCE POLICY AND THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS NEGLIGIBLE

Form and Line Reference	Explanation
PART III, LINE 8	THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, MEDICARE HAS BEEN PROVIDED FROM THE YEAR ENDED AUGUST 31, 2013 REPORT HOSPITAL STATEMENT OF REIMBURSABLE COST

Form and Line Reference	Explanation
PART III, LINE 9B	IF THE PATIENT DOES NOT QUALIFY FOR CHARITY, BUT QUALIFIES FOR LIMITED MEANS ASSISTANCE, A REDUCTION IN CHARGES WILL BE MADE TO THE ACCOUNT AND THE PATIENT WILL BE NOTIFIED VIA MAIL AT THE PATIENT'S REQUEST, PAYMENT ARRANGEMENTS WILL BE MADE FOR THE REMAINING BALANCE

Form and Line Reference	Explanation
PART VI, LINE 2	<p>AT UNION HOSPITAL, ASSESSING THE NEEDS OF OUR COMMUNITY IS AN ONGOING ACTIVITY ON FEBRUARY 7, 2012, THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS OFFICIALLY LAUNCHED AND MADE A VAILABLE FOR PUBLIC USE THE CHNA REPRESENTS A UNIQUE COLLABORATION BETWEEN THE TWO LARGES T HEALTHCARE PROVIDERS IN THE WABASH VALLEY (UNION HOSPITAL AND REGIONAL HOSPITAL), ALONG WITH THE TERRE HAUTE CHAMBER OF COMMERCE (THCC) AND ITS BETTER HEALTH WABASH VALLEY (BHWV) INITIATIVE THE SIX COUNTIES ASSESSED INCLUDE CLAY, GREENE, PARKE, SULLIVAN, VERMILLION A ND VIGO COUNTIES HEALTHY COMMUNITY INSTITUTE (HCI) USES DATA FROM SECONDARY SOURCES BY CO MPILING THE DATA INTO ONE CHNA REPORT PROVIDING NEARLY 100 INDICATORS MEASURING HEALTH AND WELLNESS, ECONOMIC FACTORS, EDUCATION, PUBLIC SAFETY AND SOCIAL ENVIRONMENT THIS TOOL CA N BE USED BY MANY DIFFERENT SEGMENTS OF THE COMMUNITY THE DATA IS AUTOMATICALLY UPDATED BY HCI REPRESENTATIVES AS NEW DATA IS MADE PUBLIC BY OTHER SECONDARY DATA SOURCES THE CHNA INDICATORS EACH FEATURE A "DASHBOARD" REPRESENTING DATA THAT HAS BEEN COLLECTED FROM ROUGH HLY 40 DIFFERENT SOURCES EACH "DASHBOARD" HAS A NEEDLE POINTING TO ONE OF THREE COLORS RE PRESENTING THE GOOD (GREEN), THE CAUTIONARY (YELLOW) AND THE SERIOUS CONDITION (RED) OF A PARTICULAR INDICATOR SIDE-BY-SIDE COMPARISONS OF THE FIVE COUNTIES FEATURED ON THE WEBSIT E, ALONG WITH STATEWIDE AND NATIONWIDE COMPARISONS ARE ALSO AVAILABLE THE CHNA IS HOUSED ON THE THCC WEBSITE, TERREHAUTECHAMBER.COM AND CAN BE ACCESSED THROUGH BOTH THE TERRE HAUT E REGIONAL HOSPITAL AND UNION HOSPITAL WEBSITES THE BHWV IMPLEMENTATION PLAN WAS DEVELOPE D BY A SUB-COMMITTEE OF BHWV MEMBERS OF THIS SUB-COMMITTEE HAVE KNOWLEDGE OF PUBLIC HEALT H AND REPRESENT THE COMMUNITY AS A WHOLE THIS IMPLEMENTATION PLAN IS INTENDED TO BE A "CO MMUNITY PLAN" NO SINGLE ORGANIZATION CAN IMPACT THE HEALTH OF THE COMMUNITY ALONE IT IS BHWV VISION THAT EACH COMMUNITY INCLUDED IN THE CHNA SHOULD HAVE A SAY NOT ONLY IN WHAT NE EDS THEY WILL FOCUS ON BUT HOW THEY WILL GO ABOUT POSITIVELY IMPACTING THOSE NEEDS THE EX PECTATION IS THAT MANY OF THE COUNTIES INCLUDED IN THE CHNA WILL HAVE SIMILAR NEEDS AND PR OJECTS, PROGRAMS AND EDUCATION WILL BE DEVELOPED FOR IMPLEMENTATION ACROSS THE ENTIRE "REGION" THE IMPLEMENTATION PLAN WENT INTO EFFECT IN MAY 2013 AND WILL BE UPDATED/REVIEWED ON AN ANNUAL BASIS THE PLAN IS A THREE YEAR PLAN WITH ANNUAL REVIEW OF EFFECTIVENESS, BENCH MARKS, PROGRAMS AND COMMUNITY HEALTH NEEDS BHWV ORGANIZATIONS MAY FORMALLY CHOOSE TO ADOPT THE INITIATIVES OUTLINED IN THIS DOCUMENT THE PATIENT PROTECTION AND AFFORDABLE CARE AC T (PPACA) REQUIRES ALL NOT-FOR-PROFIT HOSPITALS TO COMPLETE A COMMUNITY HEALTH NEEDS ASSES SMENT PRIOR TO MARCH 2012 AND ALSO COMPLETE AN IMPLEMENTATION PLAN, SEEKING INPUT FROM THE COMMUNITY AND BOARD APPROVAL OF THE PLAN IS REQUIRED FAILURE TO COMPLY WITH THE PPACA CO ULD RESULT IN FORFEITURE OF TAX EXEMPT STATUS OR A \$50,000 FINE UNTIL THE REQUIREMENTS ARE MET UNION HOSPITAL, SULLIVAN COUNTY COMMUNITY HOSPITAL, GREENE COUNTY GENERAL HOSPITAL A ND ST VINCENT CLAY HOSPITAL ARE ALL PARTNERS IN THE BHWV INITIATIVE THAT HAVE REQUIREMENT S THEY HAVE TO FULFILL TO BE IN COMPLIANCE WITH THE PPACA TO HELP SUPPLEMENT OUR INVOLVEM ENT IN BHWV, UNION HOSPITAL OFFICIALS HAVE FORMED THE UNION HOSPITAL COMMUNITY HEALTH IMPR OVEMENT IMPLEMENTATION PLAN WHICH INCORPORATES DATA FROM THE COMMUNITY HEALTH NEEDS ASSES SMENT, INPUT FROM COMMUNITY LEADERS HAVING INTEREST AND KNOWLEDGE IN PUBLIC HEALTH THAT ARE MEMBERS OF BHWV, THE UNION HOSPITAL BOARD OF DIRECTORS AND THE COMMUNITY AS A WHOLE ADDI TIONALLY, TO HELP SUPPLEMENT OUR FORMAL COMMUNITY HEALTH NEEDS ASSESSMENT, AN ONLINE SURVE Y WAS DEVELOPED FOR THE COMMUNITY TO RANK NEEDS BASED ON THE AREA CODE IN WHICH THEY RESID E THIS DATA HAS BEEN TAKEN INTO CONSIDERATION AND WILL HELP US PLAN AND IMPLEMENT PROGRAM S FOR COMMUNITY HEALTH IMPROVEMENT UNION HOSPITAL ALSO SEEKS PUBLIC INPUT IN VARIOUS STAK EHOLDER MEETINGS THAT TAKE PLACE AT THE HOSPITAL ON A BI-MONTHLY BASIS THOSE STAKEHOLDER MEETINGS CONSIST OF, COMMUNITY IMPACT COMMITTEE, PATIENT FAMILY ADVISORY, BOARD OF DIRECTO RS ADVISORY AND VENDOR ADVISORY THESE ADVISORY COMMITTEES WERE FORMED TO HELP THE HOSPITA L PERFORM A SWOT ANALYSIS AND GAIN DIFFERENT PERSPECTIVE FROM DIFFERENT INDIVIDUALS THAT T HE HOSPITALS COME IN CONTACT WITH ON A DAILY BASIS THIS ANALYSIS HAS BEEN COMPILED TO HEL P WITH OUR STRATEGIC PLANNING PROCESS UNION EMPLOYS A FULL-TIME POSITION (COMMUNITY BENEF IT SPECIALIST) DEDICATED TO COMMUNITY BENEFIT ACTIVITIES FOR THE ORGANIZATION THE COMMUNI TY BENEFIT SPECIALIST TAKES ON THE LEAD ROLE IN COLLECTING DATA TO ASSIST IN ASSESSING THE NEEDS OF OUR COMMUNITY THE WEB SITE STATSINDIANA.EDU HAS A WEALTH OF HEALTH, DEMOGRAPHIC AND INCOME DATA PROVIDING UNION WITH AN ASSESSMENT OF ALL INDIANA COUNTIES IN OUR SERVICE AREA THE U S CENSUS BUREAU AND COUNTYHEALTHRANKINGS.ORG PROVIDED US MORE DATA THAT CAN BE DRILLED DOWN TO THE STATE, COUNTY AND CITY LEVE</p>

Form and Line Reference	Explanation
PART VI, LINE 2	LS TO HELP UNION OFFICIALS ACCURATELY ASSESS COMMUNITY HEALTH NEEDS UNION ALSO WORKS CLOSELY WITH INDIANA STATE UNIVERSITY HEALTH AND HUMAN SERVICES AND THE VIGO COUNTY HEALTH DEPARTMENT THE HOSPITAL UTILIZES NATIONAL RESEARCH CORPORATION (NRC) TO CONDUCT ITS PATIENT SATISFACTIONS SURVEY PROCESS, THE NRC PRODUCT PROVIDES UNION WITH COMMUNITY HEALTH NEEDS ASSESSMENT AND PROGRAM INDICATORS

Form and Line Reference	Explanation
PART VI, LINE 3	UHI USES A VARIETY OF TOOLS TO EDUCATE PATIENTS ABOUT THEIR ELIGIBILITY FOR FINANCIAL ASSISTANCE. SIGNS ARE DISPLAYED IN THE ADMITTING AREAS, BROCHURES AND THE FINANCIAL ASSISTANCE POLICY IS ATTAINED ON OUR STATEMENTS. CLAIMAID IS AVAILABLE AT POINT OF SERVICE. ONSITE MEDICAID ELIGIBILITY ADVISOR THAT ASSISTS OUR PATIENTS IN QUALIFYING FOR ANY MEDICAID PROGRAMS. ALL OF OUR FINANCIAL COUNSELORS ARE TRAINED AND SCRIPTED TO COMMUNICATE FINANCIAL ASSISTANCE PROGRAMS AND ASSIST IN SETTING UP MEETINGS FOR THE CLAIMAID STAFF. FINANCIAL COUNSELORS ARE LOCATED IN THE ADMITTING IN BOTH UNION HOSPITAL EAST AND WEST FACILITIES AND AT UNION CLINTON FACILITY TO ASSIST OUR PATIENTS. THIS INCLUDES STAFF THAT CAN SPEAK SPANISH TO ASSIST IN ANY INTERPRETATION FOR A SPANISH SPEAKING PATIENT.

Form and Line Reference	Explanation
PART VI, LINE 4	<p>THE ORGANIZATION SERVES A SIX COUNTY "REGION" LOCATED IN WABASH VALLEY INCLUDING CLAY, GRE EN, PARKE, SULLIVAN, VERMILLION, AND VIGO COUNTIES FOLLOWING IS A DESCRIPTION OF THE COMM UNITY BY COUNTY CLAY COUNTY - THE TOTAL POPULATION OF CLAY COUNTY IS 26,803, WHICH RANKS C LAY COUNTY AS 59TH IN INDIANA THE LARGEST CITY IN CLAY COUNTY IS BRAZIL, WITH A POPULATIO N OF 8,073 THE COUNTY IS 357 54 SQUARE MILES, WHICH MAKES THE POPULATION PER SQUARE MILE 75 20 THERE ARE 1,558 PRESCHOOL CHILDREN AGES 0 TO 4, 4,698 SCHOOL CHILDREN AGES 5 TO 17, 2,236 COLLEGE AGES 18 TO 24, 6,508 YOUNG ADULTS AGES 25 TO 44, 7,605 OLDER ADULTS AGES 45 TO 64, AND 4,232 SENIORS AGES 65 AND OLDER THE MEDIAN AGE OF PEOPLE IN CLAY COUNTY IS 40 5 YEARS OLD IN CLAY COUNTY THERE ARE 26,296 WHITES, 312 HISPANICS, 127 BLACKS, 84 ASIANS , 71 AMERICAN INDIAN AND ALASKA NATIVE, 10 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 2 49 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2012 WAS \$44,230, WHICH RANKED 56TH IN THE STATE THE POVERTY RATE IS 15 65%, WHICH RANKS 33TH IN THE STATE THE P OVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 22 9%, WHICH RANKS 44TH IN THE STATE IN 2013, THERE WAS AN AVERAGE OF 46 FAMILIES ON WELFARE EACH MONTH, WHICH IS 47ND IN THE STAT E THERE WERE 4,049 PEOPLE HAD FOOD STAMPS IN 2013, WHICH RANKS 50ND IN THE STATE THERE WERE 2,288 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, WHICH RANKS 53TH IN THE STATE IN CLAY COUNTY, 11,145 PEOPLE ARE EMPLOYED, WHICH RANKS 63ND IN THE STATE AND 1,060 PEOP LE ARE UNEMPLOYED, WHICH RANKS 56RD IN THE STATE GREENE COUNTY - THE POPULATION IN GREENE COUNTY IS 32,781, WHICH RANKS THEM AS 51ST IN INDIANA THE LARGEST CITY IN GREENE COUNTY I S LINTON, WITH A POPULATION OF 5,373 THE COUNTY IS 542 50 SQUARE MILES, WHICH MAKES THE P OPULATION PER SQUARE MILE 60 43 THERE ARE 1,831 PRESCHOOL CHILDREN AGES 0 TO 4, 5,690 SCH OOL CHILDREN AGES 5 TO 17, 2,525 COLLEGE AGES 18 TO 24, 7,682 YOUNG ADULTS AGES 25 TO 44, 9,541 OLDER ADULTS AGES 45 TO 64, AND, 5,671 SENIORS AGES 65 AND OLDER THE MEDIAN AGE IN GREENE COUNTY IS 42 1 YEARS OLD IN GREENE COUNTY THERE ARE 32,346 WHITES, 351 HISPANICS, 82 BLACKS, 114 ASIANS, 106 AMERICAN INDIAN OR ALASKA NATIVE, 7 NATIVE HAWAIIAN AND OTHER P ACIFIC ISLAND, AND 285 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2010 WAS \$42,684, WHICH IS RANKED 66TH IN THE STATE THE POVERTY RATE IS 15 9%, WHICH RANKS 27 ST IN INDIANA THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 22 0%, WHICH RANKS 38 TH IN THE STATE IN 2013 THERE WAS AN AVERAGE OF 47 FAMILIES ON WELFARE EACH MONTH, WHICH IS 46TH IN THE STATE THERE WERE 4,796 PEOPLE RECEIVING FOOD STAMPS IN 2013, WHICH RANKS 3 8TH IN THE STATE THERE WERE 2,595 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, THIS IS 37TH IN THE STATE IN GREENE COUNTY 13,652 PEOPLE ARE EMPLOYED, WHICH RANKS 53ND IN THE STATE 1,261 PEOPLE ARE UNEMPLOYED, WHICH RANKS 44TH IN INDIANA SULLIVAN COUNTY - THE TO TAL POPULATION IS JUST OVER 21,000, WHICH RANKS SULLIVAN 69TH IN INDIANA THE LARGEST CITY IS SULLIVAN, WITH A POPULATION OF 4,205 THE COUNTY IS 447 10 SQUARE MILES, WHICH MAKES T HE POPULATION PER SQUARE MILE 47 47 THERE ARE 1,105 PRESCHOOL CHILDREN AGES 0 TO 4, 3,374 SCHOOL CHILDREN AGES 5 TO 17, 1,882 COLLEGE AGES 18 TO 24, 5,660 YOUNG ADULTS AGES 25 TO 44, 6,870 OLDER ADULTS AGES 45 TO 64, AND, 3,297 SENIORS AGES 65 AND OLDER THE MEDIAN AGE OF PEOPLE IN SULLIVAN COUNTY IS 40 1 YEARS OLD IN SULLIVAN COUNTY THERE ARE 19,908 WHITE S, 325 HISPANICS, 938 BLACKS, 52 ASIANS, 65 AMERICAN INDIAN AND ALASKA NATIVE, 1 NATIVE HA WAIIAN AND OTHER PACIFIC ISLAND, AND 224 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEH OLD INCOME IN 2012 WAS \$41,223, WHICH RANKED 78TH IN THE STATE THE POVERTY RATE IS 18 20% , WHICH RANKS 12TH IN THE STATE THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 23 6%, WHICH RANKS 17TH IN THE STATE IN 2013, THERE WAS AN AVERAGE OF 31 FAMILIES ON WELFARE EACH MONTH, WHICH IS 60TH IN THE STATE THERE WERE 3,060 PEOPLE RECEIVING FOOD STAMPS IN 2013, WHICH RANKS 66TH IN THE STATE THERE WERE 1,613 CHILDREN ON FREE AND REDUCED FEE LUN CHES IN 2013, WHICH RANKS 67TH IN THE STATE IN SULLIVAN COUNTY 7,623 PEOPLE ARE EMPLOYED, WHICH RANKS 76TH IN THE STATE 859 PEOPLE ARE UNEMPLOYED, WHICH RANKS 66TH IN THE STATE P ARKE/VERMILLION COUNTY - THE POPULATION IN PARKE COUNTY IS 17,202, WHICH RANKS 76TH IN THE STATE OF INDIANA THE LARGEST CITY IS ROCKVILLE WITH A POPULATION OF 2,581 PEOPLE PARKE COUNTY HAS 444 70 SQUARE MILES WITH 38 68 PEOPLE PER SQUARE MILE THERE ARE 958 PRESCHOOL AGES 0 TO 4, 2,705 SCHOOL CHILDREN AGES 5 TO 17, 1,413 COLLEGE AGES 18 TO 24, 4,160 YOUNG ADULTS AGES 25 TO 44, 5,009 OLDER ADULTS AGES 45 TO 64, AND, 2,824 SENIORS AGES 65 AND OLD ER THE MEDIAN AGE IN PARKE COUNTY IS 41 7 YEARS OLD THERE ARE 16,443 WHITES, 412 BLACKS, 214 HISPANICS, 74 AMERICAN INDIAN OR ALASKA NATIVE, 33 ASIAN, 4 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 103 PEOPLE WITH TWO OR MORE R</p>

Form and Line Reference	Explanation
PART VI, LINE 4	<p>ACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN PARKE COUNTY IS \$41,311, WHICH RANKS 77TH IN THE STATE THE POVERTY RATE IS 18 2%, WHICH RANKS 12TH IN THE STATE, AND THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 28 7%, WHICH RANKS 8TH IN THE STATE IN 2013, AN AVER AGE OF 35 FAMILIES EACH MONTH WAS ON WELFARE THIS RANKS AS 56TH IN THE STATE OF INDIANA THERE WERE 2,237 PEOPLE ON FOOD STAMPS IN 2013, WHICH IS 74TH IN THE STATE THERE WERE 1,2 99 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013, WHICH IS 74TH IN THE STATE OF INDIANA THERE ARE 6,894 EMPLOYED PEOPLE IN PARKE COUNTY, WHICH RANKS 79TH IN THE STATE THERE ARE 650 UNEMPLOYED PEOPLE, WHO RANKS 78TH IN THE STATE THE POPULATION IN VERMILLION COUNTY IS 15,878, WHICH RANKS 79TH IN THE STATE THE LARGEST CITY IN VERMILLION COUNTY IS CLINTON WITH A POPULA TION PER SQUARE MILE OF 61 81 THERE ARE 927 PRESCHOOL AGES 0 TO 4, 2,759 SCHOOL CHILDREN AGES 5 TO 17, 1,223 COLLEGE AGES 18 TO 24, 3,694 YOUNG ADULTS AGES 25 TO 44, 4,610 OLDER A DULTS AGES 45 TO 64, AND, 2,827 SENIORS AGES 65 AND OLDER THE MEDIAN AGE IN VERMILLION CO UNTY IS 42 1 YEARS OLD IN VERMILLION COUNTY THERE ARE 15,777 WHITES, 160 HISPANICS, 44 BL ACKS, 41 AMERICAN INDIAN OR ALASKA NATIVE, 34 ASIANS, 6 NATIVE HAWAIIAN AND OTHER PACIFIC ISLAND, AND 138 WITH TWO OR MORE RACIAL GROUPS THE MEDIAN HOUSEHOLD INCOME IN 2010 IS \$42 ,709, WHICH RANKS 64TH IN INDIANA THE POVERTY RATE IN 2012 WAS 14 6%, WHICH RANKS 42ND IN THE STATE THE POVERTY RATE AMONG CHILDREN FEWER THAN 18 IS 21 3%, WHICH RANKS 40TH IN IN DIANA IN 2013, THE AVERAGE NUMBER OF FAMILIES ON WELFARE EACH MONTH WAS 36, THIS IS 69TH IN THE STATE THERE WERE 2,408 PEOPLE ON FOOD STAMPS IN 2013, WHICH RANKS 69TH IN INDIANA THERE WERE 1,273 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN 2013 IN VERMILLION COUNTY, THERE ARE 6,638 PEOPLE EMPLOYED, WHICH RANKS 81ST IN THE STATE OF INDIANA AND THERE ARE 78 5 PEOPLE UNEMPLOYED, WHO RANKS 73RD IN THE STATE VIGO COUNTY - THE TOTAL POPULATION OF VI GO COUNTY WAS 108,291 FOR 2013 VIGO COUNTY IS RANKED 17TH IN THE STATE OF INDIANA ACCORDI NG TO POPULATION THERE ARE 6,263 PRESCHOOL AGES 0 TO 4, 16,485 SCHOOL AGE CHILDREN AGES 5 TO 17, 16,101 COLLEGE AGE ADULTS AGES 18 TO 24, 27,149 YOUNG ADULTS AGES 25 TO 44, 27,374 OLDER ADULTS AGES 45 TO 64, AND 15,056 SENIORS AGES 65 AND OVER THE MEDIAN AGE FOR VIGO COUNTY IS 35 9 YEARS OLD THE LARGEST CITY IN VIGO COUNTY IS TERRE HAUTE, WHICH HAS A POPU LATION OF 61,112 PEOPLE TERRE HAUTE IS THE HOME TO 56 4% OF THE COUNTYS POPULATION THE C COUNTYS POPULATION MAJORITY IS WHITE WITH 95,941 PEOPLE THERE ARE 7,701 BLACKS, 2,004 ASIA NS, 2,671 HISPANICS, 397 AMERICAN INDIAN OR ALASKA NATIVE, 41 NATIVE HAWAIIAN AND OTHER PA CIFIC ISLAND, AND 2,344 PEOPLE WITH TWO OR MORE RACIAL GROUPS THE AVERAGE HOUSEHOLD INCOM E FOR VIGO COUNTY IS \$40,091, WHICH RANKS 83RD IN THE STATE OF INDIANA THE POVERTY RATE I S 20 3%, WHICH IS 6TH IN INDIANA AND THE POVERTY RATE AMONG CHILDREN UNDER 18 YEARS OLD IS 29 0%, WHICH IS 7TH IN INDIANA IN 2013, THERE WERE 18,596 PEOPLE WHO RECEIVED FOOD STAMP S, WHICH IS 10TH IN THE STATE OF INDIANA THERE ARE 8,451 CHILDREN ON FREE AND REDUCED FEE LUNCHES IN VIGO COUNTY, WHICH IS 14TH IN INDIANA IN 2013, THERE WAS AN AVERAGE OF 217 FA MILIES ON WELFARE EACH MONTH, WHICH IS 10TH IN THE STATE OF INDIANA THERE ARE 44,750 PEOP LE EMPLOYED IN VIGO COUNTY, WHICH RANKS 16TH IN THE STATE AND 4,694 PEOPLE UNEMPLOYED, WHI CH RANKS 11TH IN THE STATE THE ANNUAL UNEMPLOYMENT RATE FOR 2013 WAS 9 5, WHICH IS 22ND I N THE STATE OF INDIANA</p>



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

Form and Line Reference	Explanation
PART VI, LINE 6	THE ORGANIZATION IS PART OF AN AFFILATED HEALTH CARE SYSTEM TO PROVIDE VISION AND STRATEGIC DIRECTION IN THE FORMATION OF A REGIONAL HEALTH CARE SYSTEM TO EXPAND AND IMPROVE THE DELIVERY OF HEALTH CARE SERVCIES IN ORDER TO MEET THE HEALTH CARE NEEDS OF RESIDENTS IN THE SYSTEM'S SERVICE AREA

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	IN



## Additional Data

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

### 990 Schedule H, Supplemental Information

<b>Section C. Supplemental Information for Part V, Section B.</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.	
Form and Line Reference	Explanation
UNION HOSPITAL	
UNION HOSPITAL CLINTON	PART V, SECTION B, LINE 3 AN ONLINE SURVEY WAS DEVELOPED FOR THE COMMUNITY TO RANK NEEDS BASED ON THE AREA CODE IN WHICH THEY RESIDE THIS DATA HAS BEEN TAKEN INTO CONSIDERATION A ND WILL HELP US PLAN AND IMPLEMENT PROGRAMS FOR COMMUNITY HEALTH IMPROVEMENT ALSO, PUBLIC INPUT WAS SEEKED IN VARIOUS STAKEHOLDER MEETINGS THAT TAKE PLACE AT THE HOSPITAL ON A BI-MONTHLY BASIS THOSE STAKEHOLDER MEETINGS CONSIST OF, COMMUNITY IMPACT COMMITTEE, PATIENT FAMILY ADVISORY, BOARD OF DIRECTORS ADVISORY AND VENDOR ADVISORY THESE ADVISORY COMMITTEE S WERE FORMED TO HELP THE HOSPITAL PERFORM A SWOT ANALYSIS AND GAIN DIFFERENT PERSPECTIVE FROM DIFFERENT INDIVIDUALS THAT THE HOSPITALS COME IN CONTACT WITH ON A DAILY BASIS THIS ANALYSIS HAS BEEN COMPILED TO HELP WITH OUR STRATEGIC PLANNING PROCESS
UNION HOSPITAL	PART V, SECTION B, LINE 4 UNION HOSPITAL CLINTONTERRE HAUTE REGIONAL HOSPITALSULLIVAN COUNTY COMMUNITY HOSPITAL
UNION HOSPITAL CLINTON	PART V, SECTION B, LINE 4 UNION HOSPITAL CLINTONTERRE HAUTE REGIONAL HOSPITALSULLIVAN COUNTY COMMUNITY HOSPITAL
UNION HOSPITAL	PART V, SECTION B, LINE 5D LOCATION OF CHNA <a href="http://www.myunionhospital.org/unionhospital/index.php/health-needs-assessment-cb">HTTP //WWW.MYUNIONHOSPITAL.ORG/UNIONHOSPITAL/INDEX.PHP/HEALTH-NEEDS-ASSESSMENT-CB</a>
UNION HOSPITAL CLINTON	PART V, SECTION B, LINE 5D <a href="http://www.myunionhospital.org/unionhospital/index.php/health-needs-assessment-cb">HTTP //WWW.MYUNIONHOSPITAL.ORG/UNIONHOSPITAL/INDEX.PHP/HEALTH-NEEDS-ASSESSMENT-CB</a>

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

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

\_\_\_\_\_

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

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
UNION HOSPITAL INC

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

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

▶ Information about Schedule I (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

Employer identification number  
35-0876396

Part I General Information on Grants and Assistance

1

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

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) MARION UNIVERSITY 3200 COLD SPRING RD INDIANAPOLIS,IN 46222	35-0868175	501C3	20,000				MAKE HISTORY PLEDGE
(2) IHA HOSPITAL ASSISTANCE FOUNDATION 1 AMERICAN SQ INDIANAPOLIS,IN 46282	45-5573749	501C3	23,161				GENERAL CONTRIBUTION FOR ASSISTANCE
(3) UNITED WAY OF THE WABASH VALLEY 2901 OHIO BLVD STE 215 TERRE HAUTE,IN 47803	35-1008531	501C3	6,400				GENERAL CONTRIBUTION
(4) TERRE HAUTE BOYS & GIRLS CLUB 924 N 13TH ST TERRE HAUTE,IN 47807	35-0868182	501C3	5,000				GENERAL CONTRIBUTION
(5) CHANCES AND SERVICES FOR YOUTH 1101 S 13TH STREET TERRE HAUTE,IN 47802	31-0931817	501C3	10,000				SAFE KIDS DONATION

2

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

5

3

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

0

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



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  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I

Questions Regarding Compensation

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

**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 4A	SEVERANCE PAYMENTS WERE MADE TO THE CURRENT AND FORMER PRESIDENT/CEO DURING FISCAL YEAR 2013 THAT WILL BE INCLUDED IN THE 12/31/2013 FORM W-2 AND REPORTED ON THE 8/31/2014 TAX YEAR RETURN
PART I, LINE 7	THE ORGANIZATION PROVIDES NON-FIXED PAYMENTS TO SEVERAL INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A. THESE NON-FIXED PAYMENTS ARE BASED ON THE ORGANIZATION'S ABILITY TO PAY AND ARE NOT CONSTRUED AS A CONTRACT BETWEEN UNION AND ITS EXECUTIVES. THE EXECUTIVE BONUS PLAN IS A MIXTURE OF OBJECTIVES, STANDARDS AND SUBJECTIVE STANDARDS THAT BOTH THE POLICY AND THE IMPLEMENTATION OF THE POLICY BY THE PERSONNEL COMMITTEE AND THE BOARD OF DIRECTORS APPROVES AND AWARDS DEPENDING ON UNION'S ABILITY TO PAY. THERE IS NO AUTOMATIC RIGHT TO A BONUS OR A SPECIFIC BONUS AMOUNT EVEN IF ALL CRITERIA ARE MET. THE PERFORMANCE MEASURE PLAN IS LINKED TO THE UNION STRATEGIC AND FISCAL-YEAR BUSINESS PLANNING PROCESS. THE PLAN IS INTENDED TO FOCUS PARTICIPANTS' ATTENTION ON MISSION-CRITICAL GOALS AND KEY STRATEGIC PRIORITIES. THE PLAN IS ALSO INTENDED TO ENHANCE THE PERFORMANCE OF UNION EXECUTIVES AND THE ORGANIZATION PRIOR TO THE START OF THE FISCAL YEAR AND AS PART OF THE BUSINESS PLANNING PROCESS, THE UNION PRESIDENT AND CEO WILL FINALIZE A LIST OF GOALS, WEIGHTS AND MEASURES TO BE USED TO ASSESS PERFORMANCE DURING THE FISCAL YEAR. THE LIST IS PRESENTED TO AND DISCUSSED WITH THE COMMITTEE. THE COMMITTEE REVIEWS AND APPROVES THE BONUS PLAN GOALS, WEIGHTS, AND MEASURES. ORGANIZATION GOALS WILL BE ASSIGNED TO EACH PARTICIPANT HOSPITAL-WIDE. IN ADDITION TO HOSPITAL-WIDE GOALS INDIVIDUAL AND/OR FUNCTIONAL/DEPARTMENT GOALS MAY OR MAY NOT BE INCLUDED. AFTER THE CONCLUSION OF EACH FISCAL YEAR, THE PRESIDENT AND CEO WILL PREPARE AN ANNUAL BONUS PLAN REPORT FOR THE COMMITTEE. THE REPORT CONTAINS AN APPRAISAL OF UNION AND HOSPITAL/OPERATING UNIT PERFORMANCE DURING THE RECENTLY-COMPLETED FISCAL YEAR, AND THE PRESIDENT AND CEO'S RECOMMENDED PAYOUT FOR EACH PLAN PARTICIPANT. THE BONUS RECOMMENDATIONS FOR ALL SR MANAGEMENT ARE RECEIVED AND REVIEWED FIRST BY THE PERSONNEL COMMITTEE WHO THEN MAKE DECISIONS AND SUBMITS TO THE BOARD TO VOTE. THE COMMITTEE WILL DETERMINE AND SUBMIT THE PAYOUT FOR THE PRESIDENT AND CEO TO THE BOARD OF DIRECTORS WHO, ABSENT THE PRESIDENT AND CEO, WILL VOTE ON APPROVAL. AWARD DETERMINATIONS ARE CALCULATED AS PERCENTAGES OF PARTICIPANT'S SALARIES PAID FOR TIME WORKED DURING THE FISCAL YEAR. PAYOUT FOR THE PRESIDENT IS 0% TO 30%, CFO AND COO ARE 0% TO 25%, AND OTHER EXECUTIVES ARE 0% TO 20%. THE EXECUTIVE BONUS PLAN PAYOUTS ARE TO BE PAID WHEN DETERMINED BY THE PERSONNEL COMMITTEE, SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS.
PART II, COLUMN (B)(III)	THE HOSPITAL PROVIDES SPLIT DOLLAR LIFE INSURANCE POLICIES TO CERTAIN OFFICERS, DIRECTORS, KEY EMPLOYEES AND HIGHEST COMPENSATED EMPLOYEES. FOR THE TAX YEAR 2012 THE FOLLOWING PAYMENTS WERE MADE TO PARTICIPATE IN THE POLICY AND ARE RECORDED AS NEGATIVE AMOUNT IN THE OTHER REPORTABLE COMPENSATION COLUMN (III): (1) WAYNE HUTSON \$85,000 (6) SALLY ZUEL \$22,500 (8) TERRI HILL \$26,250 (10) PRADEEP NAROTAM \$75,000 (11) LINGAN SIDDA \$13,693 (12) NABIL MNAYARJI \$24,496 (15) DAVID DOEER \$258,000
PART II, LINE II	KIM PFRANK SERVED AS INTERIM CEO DURING THE PERIOD 9/1/2013 TO 5/14/2014

# Additional Data

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WAYNE HUTSON SR VP FINANCE/CFO	(i)	278,774	62,475	41,278	-68,600	11,988	325,915	0
	(ii)	0	0	0	0	0	0	0
KYM PFRANK VICE PRESIDENT/COO	(i)	242,179	45,974	32,967	16,400	17,161	354,681	0
	(ii)	0	0	0	0	0	0	0
JOHN BOLINGER VICE PRESIDENT MED AFFAIRS	(i)	344,142	52,526	8,360	11,825	15,955	432,808	0
	(ii)	0	0	0	0	0	0	0
JEANNETTE SPRADLIN VICE PRESIDENT	(i)	120,762	18,480	5,686	9,457	8,477	162,862	0
	(ii)	0	0	0	0	0	0	0
RHONDA SMITH VICE PRESIDENT	(i)	204,580	31,099	7,592	11,188	16,893	271,352	0
	(ii)	0	0	0	0	0	0	0
SALLY ZUEL VICE PRESIDENT	(i)	172,198	0	29,239	-8,864	8,104	200,677	0
	(ii)	0	0	0	0	0	0	0
PAMELA DEETER VICE PRESIDENT	(i)	168,889	0	3,991	0	7,879	180,759	0
	(ii)	0	0	0	0	0	0	0
TERRI HILL VICE PRESIDENT	(i)	173,642	32,795	11,565	-15,048	15,955	218,909	0
	(ii)	0	0	0	0	0	0	0
KRISTI WILLIAMS SYSTEM DIRECTOR - PHARMACY	(i)	150,446	30,081	9,524	8,962	23,265	222,278	0
	(ii)	0	0	0	0	0	0	0
PRADEEP NAROTAM NEUROSURGEON	(i)	691,369	254,239	0	-63,175	21,914	904,347	0
	(ii)	0	0	0	0	0	0	0
LINGAN SIDDA RADIOLOGIST	(i)	425,279	448,730	-3,706	11,825	15,787	897,915	0
	(ii)	0	0	0	0	0	0	0
NABIL MNAYARJI RADIOLOGIST	(i)	690,369	135,850	-24,496	11,825	22,914	836,462	0
	(ii)	0	0	0	0	0	0	0
RITA RATANI RADIOLOGIST	(i)	429,823	353,979	0	11,825	23,723	819,350	0
	(ii)	0	0	0	0	0	0	0
VIPUL SHAH RADIOLOGIST	(i)	403,959	355,989	17,500	0	23,378	800,826	0
	(ii)	0	0	0	0	0	0	0
DAVID DOEER FORMER PRESIDENT & CEO	(i)	415,570	0	328	-244,489	8,581	179,990	0
	(ii)	0	0	0	0	0	0	0
SCOTT TEFFETELLER FORMER PRESIDENT & CEO	(i)	440,998	126,750	226,658	11,825	17,618	823,849	0
	(ii)	0	0	0	0	0	0	0

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
UNION HOSPITAL INC

Supplemental Information on Tax Exempt Bonds

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

Employer identification number

35-0876396

Part I

Bond Issues

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

Part II

Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	176,052,475	53,989,054		
4	Gross proceeds in reserve funds	15,716,590	5,504,000		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	2,151,525	1,078,426		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	158,184,360	17,009,396		
11	Other spent proceeds		30,397,232		
12	Other unspent proceeds				
13	Year of substantial completion	2010		2014	
		Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X	
15	Were the bonds issued as part of an advance refunding issue?	X		X	
16	Has the final allocation of proceeds been made?	X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X	X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

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

Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

► Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

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

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

Name of the organization  
UNION HOSPITAL INC

Employer identification number  
35-0876396

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) FORREST SHERER INC	SEE PART V BELOW	932,634	SEE PART V		No
(2) AP&S CLINIC NORTH SIDE	SEE PART V BELOW	3,700,986	SEE PART V		No
(3) BUNCH NURSERIES INC	SEE PART V BELOW	103,661	SEE PART V		No

Part V Supplemental Information

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

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

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.  
▶ 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 UNION HOSPITAL INC	Employer identification number 35-0876396
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Return Reference	Explanation
FORM 990, PART I, DOING BUSINESS AS	CARDIAC REHAB GROUP OF UNION HOSPITAL CLARA FAIRBANKS CENTER FOR WOMEN CLAY CITY CENTER FOR FAMILY MEDICINE HEARTLAND MIDWIVES HUX CANCER CENTER RICHARD G LUGAR CENTER FOR RURAL HEALTH UH REGISTERED DIETITIAN GROUP UNION CENTER FOR JOINT REPLACEMENT UNION CENTER FOR SPORTS MEDICINE UNION HOSPITAL CLINTON UNION HOSPITAL CLINTON WESTERN INDIANA RURAL MEDICINE UNION HOSPITAL CVT/NEURO GROUP UNION HOSPITAL FAMILY MEDICINE CENTER UNION HOSPITAL HEALTH GROUP UNION HOSPITAL HUX HEART CENTER UNION HOSPITAL MEDICAL GROUP UNION HOSPITAL NEUROSCIENCE UNION HOSPITAL TERRE HAUTE UNION HOSPITALISTS GROUP WABASH VALLEY SURGERY CENTER WEST CENTRAL COMMUNITY HOSPITAL

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

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

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

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

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

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>THE PROCESS FOR DETERMINING COMPENSATION UNDER THE BY-LAWS OF UNION HOSPITAL INCLUDES A BOARD OF DIRECTORS PERSONNEL COMMITTEE WHOSE RESPONSIBILITIES INCLUDE IN CHARGE OF DOING THE APPROPRIATE REVIEW OF COMPENSATION FOR THE SR MANAGEMENT TEAM, INCLUDING THE CEO THEY GATHER INFORMATION AND FOLLOW THE STEPS SET FORTH BELOW AND IN TURN SUBMIT TO THE FULL BOARD OF DIRECTORS THE RECOMMENDATIONS IN TERMS OF COMPENSATION AND BENEFITS FOR THE CEO AND SR MANAGEMENT THE PERSONNEL COMMITTEE CONSISTS OF INDIVIDUALS WHO ARE DISINTERESTED THE CEO IS EXCUSED FROM THE MEETING WHEN HIS COMPENSATION/BENEFITS ARE REVIEWED BOTH AT THE PERSONNEL COMMITTEE LEVEL AND THE BOARD LEVEL NOTE DURING THE CURRENT FISCAL YEAR, SALARY INCREASES WERE NOT GIVEN TO THE SR MANAGEMENT TEAM INCLUDING THE CEO, AND THUS, AN ANALYSIS OF COMPENSATION WAS NOT COMPLETED IN FUTURE PERIODS, THIS PROCEDURE WILL RESUME AS STATED IN THIS POLICY THE STEPS INCLUDE 1 THE PERSONNEL COMMITTEE RETAINS AN OUTSIDE INDEPENDENT CONSULTANT TO (1) PROVIDE THE COMMITTEE WITH INFORMATION, AND (2) TO REVIEW THE ACTIONS AND COMPENSATION/BENEFITS TO BE SURE THAT THERE IS NOT EXCESSIVE COMPENSATION THE CONSULTANT THAT HAS BEEN USED THE PAST THREE (3) YEARS IS SULLIVAN COTTER &amp; ASSOCIATES, INC UNDER THE PROCESS, SULLIVAN COTTER FIRST IS PROVIDED WITH THE NAMES AND JOB DESCRIPTIONS FOR THE SR MANAGEMENT TEAM THAT IS BEING EVALUATED THE INDEPENDENT ADVISOR THEN SUBMITS TO THE PERSONNEL COMMITTEE COMPARABLE INFORMATION, SPECIFICALLY &gt; FIVE COMMERCIALLY AVAILABLE EXECUTIVE HEALTH CARE COMPENSATION SURVEYS PREPARED BY INDEPENDENT FIRMS, WERE REFERENCED TO OBTAIN MARKET DATA FOR THIS REVIEW - INTEGRATED HEALTHCARE STRATEGIES 2009 HEALTHCARE EXECUTIVE COMPENSATION SURVEY - INDIANA HOSPITAL &amp; HEALTH ASSOCIATION 2009 COMPENSATION SURVEY REPORT - SULLIVAN, COTTER, AND ASSOCIATES 2009 SURVEY OF MANAGER AND EXECUTIVE COMPENSATION IN HOSPITALS AND HEALTH SYSTEMS - WATSON WYATT DATA SERVICES 2009/2010 HOSPITAL AND HEALTHCARE MANAGEMENT COMPENSATION REPORT - MERCER HUMAN RESOURCE CONSULTING 2009 INTEGRATED HEALTH NETWORKS COMPENSATION SURVEY &gt; MARKET DATA REFLECTING FUNCTIONALLY-COMPARABLE POSITIONS WERE OBTAINED FOR ALL SEVEN EXECUTIVE POSITIONS &gt; DATA WERE ABSTRACTED FOR COMPARABLY-SIZED ORGANIZATIONS AS MEASURED BY NET REVENUE &gt; THE DATA REPORTED REPRESENTED THE 50TH, 75TH, AND 90TH PERCENTILES OF BASE SALARY AND TOTAL CASH COMPENSATION (BASE SALARY PLUS ACTUAL ANNUAL INCENTIVE - ABBREVIATED TCC) &gt; REGIONAL MARKET DATA WERE ALSO COLLECTED FROM THE PUBLISHED COMPENSATION SURVEYS AS WELL AS A SPECIAL CUT OF THE FOLLOWING INDIANA HOSPITALS FROM SULLIVAN COTTER'S 2009 SURVEY OF MANAGER AND EXECUTIVE COMPENSATION IN HOSPITALS AND HEALTH SYSTEMS - BALL MEMORIAL HOSPITAL - REID HOSPITAL &amp; HEALTH CARE SERVICES - BLOOMINGTON HOSPITAL - RILEY HOSPITAL FOR CHILDREN - ELKHART GENERAL HOSPITAL - SAINT JOHN'S HEALTH SYSTEM - GOOD SAMARITAN HOSPITAL - SAINT JOSEPH REGIONAL MEDICAL CENTER - MEMORIAL HOSPITAL OF SOUTH BEND - SAINT MARY'S MEDICAL CENTER - METHODIST HOSPITALS - TERRE HAUTE REGIONAL HOSPITAL - PARKVIEW HOSPITAL &gt; THAT DATA WAS ALSO REPORTED WITH NATIONAL AVERAGE, REGIONAL AVERAGE AND INDIANA AVERAGE 2 THE PERSONNEL COMMITTEE OF UNION HOSPITAL'S BOARD OF DIRECTORS TAKES THE DATA PROVIDED BY THE INDEPENDENT CONSULTANTS AND FOLLOWING A REVIEW OF THE PERFORMANCE OF EACH INDIVIDUAL SUBMITS TO THE FULL BOARD FOR APPROVAL RECOMMENDATIONS IN TERMS OF SALARIES, BENEFITS, AND BONUSES FINAL APPROVAL IS BY THE BOARD OF DIRECTORS THE CEO DOES NOT TAKE PART IN THE DISCUSSION OR ACTION ON HIS SALARY, BENEFITS AND BONUS 3 MINUTES OF THE PERSONNEL COMMITTEE AND THE BOARD MEETINGS ARE CONTEMPORANEOUSLY KEPT AND MAINTAIN WITH THE CORPORATE MINUTE BOOKS 4 FOLLOWING THE ACTION OF THE BOARD OF DIRECTORS THE NEW PROPOSED SALARIES, BENEFITS AND BONUSES ARE SENT TO THE INDEPENDENT CONSULTANT (SULLIVAN COTTER) WHO SUBMITS BACK TO THE PERSONNEL COMMITTEE THEIR OPINION IN TERMS OF THE COMPENSATION BEING REASONABLE IN RELATION TO THE MARKET DATA AND MARKET PRACTICES THIS REPORT IS ALSO RECEIVED AND REVIEWED BY THE BOARD PERSONNEL COMMITTEE</p>



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

Return Reference	Explanation
FORM 990, PART XI, LINE 9	UNREALIZED CHANGE IN IHRRRG - RISK RETENTION GROUP 208,568 UNREALIZED CHANGE IN COH INVESMENT 256,611 UNREALIZED CHANGE IN UAPC INVESTMENT -2,407,281 CHANGE IN PERMANETLY RESTRICTED NET ASSETS 154,526 OTHER CHANGE IN RECEIVABLE FROM UNION HOSPITAL FOUNDATION, INC -34,323 CHANGE IN PENSION LIABILITY - 2,230,276

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

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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  
UNION HOSPITAL INC

Employer identification number  
35-0876396

Part I Identification of Disregarded Entities

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) IPACS INC 1606 N SEVENTH ST TERRE HAUTE, IN 47804 35-1720998	COLLECTION AGENCY	IN	87,572	2,058,079	UNION HOSPITAL

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

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

Cat No 50135Y

Schedule R (Form 990) 2013

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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) UNION ASSOCIATED PHYSICIAN CLINIC INC  1606 N SEVENTH ST TERRE HAUTE, IN 47804 27-0581401	PHYSICIAN GROUP	IN	UNION HOSPITAL INC	INVESTMENT	-6,404,425	16,331,339		No		Yes		50 000 %
(2) UNION HOSPITAL THERAPY LLC  150 N ROSENBERGER EVANSVILLE, IN 47712 46-4357168	REHABILITATION AND THERAPY SERVICES	IN	UNION HOSPITAL INC	INVESTMENT	787,045	451,533		No			No	51 000 %

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

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 Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h No

1i No

1j Yes

1k No

1l Yes

1m No

1n No

1o Yes

1p No

1q Yes

1r No

1s Yes

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

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

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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**UNION HOSPITAL INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2014 AND 2013**



# UNION HOSPITAL INC. AND SUBSIDIARIES

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Tel: 317-633-4775 Fax: 317-633-4689 Email: [info@bluecrossin.com](mailto:info@bluecrossin.com)

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Union Hospital  
Terre Haute, Indiana

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Union Hospital, Inc. and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of August 31, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

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

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

#### **OPINION**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of August 31, 2014 and 2013, and its changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **EMPHASIS OF A MATTER**

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

## REPORT ON SUPPLEMENTARY INFORMATION

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

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

**Blue & Co., LLC**

Indianapolis, Indiana  
November 20, 2014

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AUGUST 31, 2014 AND 2013

<b>ASSETS</b>		
	2014	2013
<b>Current assets</b>		
Cash and cash equivalents	\$ 14,916,560	\$ 20,783,737
Funds held by trustee, current portion	9,541,508	9,624,684
Board designated funds, current portion	230,101	15,946,469
Patient accounts receivable, net	55,181,554	55,446,826
Inventories	4,278,475	4,393,058
Prepaid expenses and other current assets	2,265,557	2,217,850
Total current assets	86,413,755	108,412,624
<b>Investments limited as to use, less current portion</b>		
Funds held by trustee	24,339,326	24,409,313
Board designated funds	50,034,540	32,348,588
Permanently restricted	1,558,349	1,403,823
Total investments limited as to use	75,932,215	58,161,724
<b>Property and equipment</b>		
Land and improvements	37,745,161	37,180,324
Buildings and fixed equipment	340,386,071	334,765,916
Movable equipment	126,949,334	125,636,776
	505,080,566	497,583,016
Less allowances for depreciation	233,866,525	213,829,011
	271,214,041	283,754,005
Construction in progress	5,296,526	2,377,340
Total property and equipment, net	276,510,567	286,131,345
<b>Other assets</b>		
Due from Union Hospital Foundation, Inc	2,579,026	3,022,998
Deferred financing costs, net	2,927,479	2,895,002
Intangible assets, net	1,461,027	4,338,399
Investment in joint ventures	3,790,460	4,351,130
	10,757,992	14,607,529
Total assets	\$ 449,614,529	\$ 467,313,222

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AUGUST 31, 2014 AND 2013

### LIABILITIES AND NET ASSETS

	2014	2013
<b>Current liabilities</b>		
Accounts payable and other current liabilities	\$ 19,486,295	\$ 22,655,027
Salaries, wages and related liabilities	21,431,823	21,823,388
Accrued interest	7,792,072	7,809,684
Estimated third party settlements	3,131,210	2,454,979
Current portion of long-term debt	2,917,100	3,516,190
Total current liabilities	54,758,500	58,259,268
<b>Long-term liabilities</b>		
Long-term debt, less current portion	266,675,918	268,480,278
Deferred revenue	100,474	210,418
Pension liability and related obligations	4,388,439	10,707,839
Other long-term liabilities	2,161,671	2,984,073
Total long-term liabilities	273,326,502	282,382,608
Total liabilities	328,085,002	340,641,876
<b>Net assets</b>		
Unrestricted	117,145,809	122,155,376
Temporarily restricted	2,825,369	3,112,147
Permanently restricted	1,558,349	1,403,823
Total net assets	121,529,527	126,671,346
Total liabilities and net assets	\$ 449,614,529	\$ 467,313,222

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
<b>Operating revenue</b>		
Net patient service revenue (net of contractual allowances and discounts including charity care provisions of \$34,594,967 and \$37,723,498 in 2014 and 2013 respectively)	\$ 441,781,594	\$ 434,458,182
Less provision for bad debts	37,344,559	31,155,783
Net patient service revenue less provision for bad debts	404,437,035	403,302,399
Other revenue	8,333,444	8,716,212
Total operating revenue	412,770,479	412,018,611
<b>Operating expenses</b>		
Salaries and wages	137,470,820	138,966,294
Employee benefits	27,231,743	27,097,411
Medical supplies and drugs	58,199,584	60,509,432
Physician services	3,823,314	5,844,820
Contract services	63,293,740	66,038,402
Rent and leases	11,336,881	11,811,675
Utilities, supplies, and other	40,675,391	37,756,883
Hospital assessment fee	20,639,678	17,166,074
Depreciation and amortization	24,989,265	25,672,334
Interest	16,037,169	16,224,111
Total operating expenses	403,697,585	407,087,436
Income from operations before special item	9,072,894	4,931,175
<b>Special item - reduction in force</b>	(1,243,959)	-0-
Income from operations after special item	7,828,935	4,931,175
<b>Non-operating gains (losses)</b>		
Investment income	3,009,741	709,533
Investment in UAPC	(2,407,281)	(1,411,649)
Other	166,313	481,330
Total non-operating gains (losses)	768,773	(220,786)
Excess of revenue over expenses	8,597,708	4,710,389
<b>Other changes in unrestricted net assets</b>		
Pension related changes other than net pension cost	(2,230,276)	(14,788,484)
Net unrealized gain (loss) on investments	(554,635)	987,600
Net assets released for property and equipment	252,455	1,593,781
Transfers to Union Health System	(11,074,819)	(9,084,494)
Change in unrestricted net assets	(5,009,567)	(16,581,208)
<b>Temporarily restricted net assets</b>		
Other changes in receivable from Union Hospital Foundation, Inc	(34,323)	130,682
Net assets released for property and equipment	(252,455)	(1,593,781)
Change in temporarily restricted net assets	(286,778)	(1,463,099)
<b>Permanently restricted net assets</b>		
Net investment income	154,526	94,426
Change in net assets	(5,141,819)	(17,949,881)
<b>Net assets</b>		
Beginning of year	126,671,346	144,621,227
End of year	\$ 121,529,527	\$ 126,671,346

See accompanying notes to consolidated financial statements



# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED AUGUST 31, 2014 AND 2013

	2014	2013
<b>Operating activities</b>		
Change in net assets	\$ (5,141,819)	\$ (17,949,881)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	21,791,066	22,721,006
Amortization	3,198,199	2,951,328
Provision for bad debts	37,344,559	31,155,783
Transfers to Union Health System	11,074,819	9,084,494
Loss on property disposals	42,316	60,699
Net unrealized loss (gain) on investments	554,635	(987,600)
Changes in operating assets and liabilities		
Patient accounts receivable	(37,079,287)	(35,384,417)
Other current and noncurrent assets	1,918,214	1,113,572
Accounts payable and other current liabilities	(3,329,907)	(229,479)
Salaries, wages and related liabilities	(391,565)	2,040,789
Other long-term liabilities	(7,141,802)	4,958,448
Estimated third-party payor settlements	676,231	(618,551)
Accrued interest	(17,612)	(33,314)
Deferred revenue	(109,944)	(90,704)
Net cash flows from operating activities	23,388,103	18,792,173
<b>Investing activities</b>		
Purchases of property and equipment	(12,071,650)	(13,283,120)
Proceeds from sale of property and equipment	15,202	64,686
Payments for CT and MRI service line	(1,200,000)	(1,200,000)
Purchase of investments	(75,561,439)	(25,489,036)
Proceeds from sale of investments	73,040,876	20,729,014
Net cash flows from investing activities	(15,777,011)	(19,178,456)
<b>Financing activities</b>		
Repayments on long-term debt	(15,620,747)	(3,570,698)
Proceeds from long-term debt	13,217,297	592,857
Transfers to Union Health System	(11,074,819)	(9,084,494)
Net cash flows from financing activities	(13,478,269)	(12,062,335)
Change in cash and cash equivalents	(5,867,177)	(12,448,618)
<b>Cash and cash equivalents</b>		
Beginning of year	20,783,737	33,232,355
End of year	\$ 14,916,560	\$ 20,783,737
<b>Noncash investing activities</b>		
Issuance of capital leases	\$ 156,156	\$ 567,203
Capital acquisitions included in accounts payable	\$ 161,175	\$ 159,300
Cash paid for interest	\$ 16,054,781	\$ 16,257,425

See accompanying notes to consolidated financial statements

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### 1. ORGANIZATION

#### Nature of Operations

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

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

During 2014, UHT was formed for the purpose of providing physical, occupational, and speech therapy, and related rehabilitation services. The Corporation ownership interest in UHT is 51%. The Corporation maintains substantial participation in the operations of UHT in addition to an economic interest in UHT's financial position. The 49% non-controlling interest in UHT is immaterial to the consolidated financial statements as a whole. All material intercompany accounts and transactions have been eliminated.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

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

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

### Charity Care and Community Benefit

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

Of the Corporation's total expenses reported, an estimated \$11,600,000 and \$13,100,000 arose from providing services to charity patients during 2014 and 2013, respectively The estimated costs of providing patient assistance services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of cost to charges is calculated based on the Corporation's total expenses divided by gross patient service revenue

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

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

### Use of Estimates

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

	2014	2013
Inpatient revenue	\$ 475,771,359	\$ 502,038,002
Outpatient revenue	678,462,825	615,219,061
Physician revenue	54,597,666	54,359,978
Gross patient revenue	<u>1,208,831,850</u>	<u>1,171,617,041</u>
Charity care revenue foregone	34,594,967	37,723,498
Contractual adjustments	732,455,289	699,435,361
Total adjustments	<u>767,050,256</u>	<u>737,158,859</u>
Net patient service revenue	441,781,594	434,458,182
Less provision for bad debts	37,344,559	31,155,783
	<u>\$ 404,437,035</u>	<u>\$ 403,302,399</u>

A summary of gross patient service revenue at established rates by payor source for 2014 and 2013, respectively, is as follows

	2014	2013
Medicare	48%	47%
Medicaid	16%	16%
Commercial insurance	3%	3%
Other managed care	26%	26%
Self-pay and other	7%	8%
	<u>100%</u>	<u>100%</u>

There is a single insurance and managed care provider that constituted 16% and 17% of patient service revenue at established rates for the years ended August 31, 2014 and 2013

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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During 2014 and 2013, the Corporation recognized HAF Program expense of approximately \$20,600,000 and \$17,200,000, respectively, which resulted in increased Medicaid reimbursement. The HAF Program was approved for extension in March 2014 by CMS for the period July 1, 2013 through June 30, 2017.

### Cash and Cash Equivalents

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

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

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

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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During 2014, the Corporation's allowance for uncollectible accounts for patient and physician services decreased approximately \$1,000,000 from approximately \$15,400,000 to approximately \$14,400,000. This decrease is due to a substantial improvement in the average age of accounts receivable as from 2013 to 2014. As of August 31, 2014, the allowance for uncollectible accounts of \$14,400,000 was comprised of approximately \$10,000,000 reserved for self-pay balances and approximately \$4,400,000 reserved for third-party payor balances. As of August 31, 2013, the allowance for uncollectible accounts of \$15,400,000 was comprised of approximately \$10,000,000 reserved for self-pay balances and approximately \$5,400,000 reserved for third-party payor balances.

The Corporation grants credit to patients, substantially all of whom are local residents of the communities served. The Corporation does not generally require credit or other collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, HMOs, and commercial insurance policies). The Corporation has not changed its charity care or uninsured discount policies during 2014 or 2013.

At August 31, 2014 and 2013, net accounts receivable from patients and third party were comprised of the following:

	<u>2014</u>	<u>2013</u>
Medicare	32%	31%
Medicaid	9%	9%
Commercial insurance	11%	9%
Other managed care	27%	29%
Self-pay and other	21%	22%
	<u>100%</u>	<u>100%</u>

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

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

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

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

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

Management believes that adequate provisions have been made for any adjustments which may result from such final settlements. Differences between prior estimates and subsequent actual settlements are immaterial to these financial statements for 2014 and 2013.

### Inventories

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



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### Investments Limited as to Use

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

Investments are generally commingled for investment purposes and consist of short-term investments (principally money market funds), certificates of deposit, U.S. government obligations, mutual funds, collective trust funds, corporate obligations and common stocks.

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

### Property and Equipment

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

Equipment under capital lease obligations is amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter. Such amortization is included with depreciation and amortization in the consolidated statements of operations and changes in net assets. Interest cost incurred on borrowed funds during the period of construction and other interest costs are capitalized as a component of the cost of constructing the assets. Repair and maintenance costs are expensed when incurred.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

### Intangible Assets

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

### Unamortized Debt Issuance Costs

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

### Medical Malpractice Insurance

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

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

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# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

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

### Pension Plans

A noncontributory, defined-benefit pension plan covers substantially all employees. Plan benefits are based on years of service and the employee's compensation. During 2010, the Corporation froze the defined benefit plan and initiated a discretionary match component to the 403b defined contribution plan. During 2011, the Corporation offered a voluntary early retirement program for eligible employees to receive monthly annuities, removal of early retirement penalties and reductions, and health benefits for eighteen months per COBRA requirements for the employee and dependents. See footnote 9 for additional details on the Corporation's pension plans.

### Financial Statement Presentation

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### Net Assets

Unrestricted net assets represent the part of the net assets of the Corporation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Temporarily restricted net assets are those assets whose use by the Corporation has been limited by donors primarily for a specified time period or purpose. When a donor restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released for property and equipment. Property and equipment donated to the Hospital are recorded as additions to temporarily restricted net assets at their fair value at the date of receipt and as a transfer to unrestricted net assets when the assets are placed in service. Temporarily restricted net assets include \$2,579,030 and \$3,023,000 of funds held by the Foundation for the benefit of the Corporation at August 31, 2014 and 2013, respectively. These amounts represent contributions received on behalf of the Corporation by the Foundation and other amounts the Foundation has granted to the Corporation and are included within Due from Union Hospital Foundation Inc. on the consolidated balance sheets. Other miscellaneous funds are held as temporarily restricted net assets. Permanently restricted net assets are those that the donor has requested to be held in perpetuity. In accordance with donor stipulations, certain investment income earned on permanently restricted net assets is unrestricted. Accordingly, such income is recorded in the unrestricted net asset class as it is earned.

### Deferred Income

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

### Health Insurance

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

### Functional Expenses

The Corporation provides general health care services to patients. Health care services expenses related to providing these services were approximately \$378,453,000 and \$382,248,000 in 2014 and 2013, respectively. Administrative expenses (consisting of support services, employee benefits, patient billing, and other) amounted to approximately \$25,245,000 and \$24,839,000 in 2014 and 2013, respectively.

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# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### Income Taxes

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

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of August 31, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Filings are current through 2013. The impact of the IPACS, COH, and UHTs' tax consequences is immaterial to these financial statements.

### Operating Indicator

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

### Performance Indicator

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

### Advertising Costs

Advertising costs are expensed as incurred. Total expense for 2014 and 2013 was approximately \$413,000 and \$445,000, respectively.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### Electronic Health Records (EHR) Incentive Payments

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

The Corporation recognizes EHR incentive payments as grant income, under the ratable recognition method, when there is reasonable assurance that the Corporation will comply with the conditions of the meaningful use objectives and any other specific grant requirements. In addition, the consolidated financial statement effects of the grants must be both recognizable and measurable. During 2014 and 2013, the Corporation recognized approximately \$4,100,000 and \$1,900,000, respectively, in EHR incentive payments as grant income.

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

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

### Reclassifications

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the 2014 presentation. These reclassifications had no impact on net assets and changes in net assets for 2013, as previously reported.

### Special Item – Reduction in Force

During 2014, the Corporation executed a reduction in force affecting approximately 110 employees as part of its ongoing cost containment program. Affected employees were paid severance packages. Total costs associated with the reduction in force amounted to approximately \$1,200,000 and \$-0- during 2014 and 2013, respectively.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### Subsequent Events

The Corporation has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are issued which is November 20, 2014

### 3. AFFILIATED ENTITY AND RELATED PARTY TRANSACTIONS

As part of the affiliation with UHS and UAPC, the Corporation purchased certain intangible assets, including medical records and other assets, from AP&S in the amount of \$7,345,000. The intangible assets are being amortized over 5 years with accumulated amortization of \$7,308,000 and \$5,631,000 at August 31, 2014 and 2013, respectively. The Corporation transferred approximately \$11,075,000 and \$9,084,000 during 2014 and 2013, respectively, to UHS. The arrangement with UHS and UAPC contemplates that the Corporation will continue to transfer funds on an as needed basis to fulfill the contract obligation for on-going operational support to the affiliated group. The Corporation purchased the CT and MRI service line of UAPC for \$3,600,000 which is to be paid \$100,000 monthly. As of August 31, 2014, the Corporation has paid \$3,200,000 under this agreement with a balance remaining of \$400,000.

The Corporation provided management and other services for the Foundation and other related organizations in the approximate amount of \$131,000 in 2014 and \$634,000 in 2013. At August 31, 2014 and 2013, approximately \$9,000 and \$39,000, respectively, remained unpaid.

The Corporation received approximately \$252,000 and \$1,594,000 in contributions from the Foundation for the years ended August 31, 2014 and 2013, respectively. The 5 year capital campaign pledges were completed on December 31, 2013.

The Corporation collaborates with physicians and physician groups including UAPC, to improve the quality of services, eliminate duplication of services, and to improve standards of care by entering into certain contractual agreements. While certain of the agreements are amended and/or terminated from time to time, the Corporation has had agreements for chemotherapy, ambulatory surgery, cardiac catheterization, laboratory, and radiation oncology therapy services. The costs for these services are included in utilities, supplies, and other in the consolidated statement of operations totaling approximately \$62,026,000 and \$64,848,000 for August 31, 2014 and 2013, respectively.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### 4. PROPERTY AND EQUIPMENT

A summary of the construction-in-progress projects at August 31, 2014 and 2013 is as follows

	2014	2013
Soarian software	\$ 4,616,151	\$ -0-
UHC air handling system	-0-	2,358,142
Other renovations and upgrades	680,375	19,198
	<u>\$ 5,296,526</u>	<u>\$ 2,377,340</u>

The Corporation is in the process of implementing new patient account software with expected completion during late 2015 or early 2016. Commitments for all remaining construction project costs total approximately \$2,502,000 at August 31, 2014.

### 5. INVESTMENTS

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

	2014	2013
Money market funds and certificates of deposit	\$ 44,208,049	\$ 61,645,874
US Government and government agency obligations	9,878,790	9,330,701
Mutual funds	1,449,839	1,677,141
Marketable equity securities	10,551,606	9,554,554
Corporate obligations	19,174,996	1,102,955
Collective trust funds	440,544	421,652
	<u>85,703,824</u>	<u>83,732,877</u>
Less current portion of		
Debt service	9,541,508	9,624,684
Board designated	230,101	15,946,469
	<u>\$ 75,932,215</u>	<u>\$ 58,161,724</u>

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



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

	2014	2013
Investment income included with non-operating gains and net investment income on permanently restricted net assets		
Investment income	\$ 3,164,267	\$ 803,959
Other changes in net assets		
Unrealized gain (loss) on investments	(554,635)	987,600
	<u>\$ 2,609,632</u>	<u>\$ 1,791,559</u>

The following schedule summarizes the fair value of securities included in investments by board designated and held by trustee that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of August 31, 2014 and 2013. The schedule further segregates the securities that have been in a gross unrealized position as of August 31, 2014 and 2013, for less than twelve months and those for twelve months or more. The gross unrealized losses of less than twelve months are a reflection of the normal fluctuations of the market and are therefore considered temporary.

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

The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized losses as of August 31, 2014 and 2013.

August 31, 2014						
Description of securities	Less than 12 Months		12 Months or Longer		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Common stock	\$ 1,246,936	\$ 29,426	\$ -0-	\$ -0-	\$ 1,246,936	\$ 29,426
Mutual funds	139,052	643	194,372	987	333,424	1,630
Government obligations	2,019,187	2,339	101,980	3,223	2,121,167	5,562
Corporate bonds	14,289,993	53,221	321,280	16,787	14,611,273	70,008
Total temporarily impaired securities	<u>\$ 17,695,168</u>	<u>\$ 85,629</u>	<u>\$ 296,352</u>	<u>\$ 4,210</u>	<u>\$ 18,312,800</u>	<u>\$ 106,626</u>

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of August 31, 2014 and 2013.

- *Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Money market funds:* Valued based at the subscription and redemption activity at a \$1 stable NAV. However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Corporation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Corporation are deemed to be actively traded.

## UNION HOSPITAL INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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- *US government obligations* Valued using pricing models maximizing the use of observable inputs for similar securities
- *Corporate obligations* Valued using pricing models maximizing the use of observable inputs for similar securities This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings
- *Collective trusts* Valued at the NAV of units of a bank collective trust The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value The NAV is based on the fair value of the underlying investments held by the fund less its liabilities This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV Were the Corporation to initiate a full redemption of the collective trust, the trustee reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

Assets and liabilities measured at fair value on a recurring basis as of August 31, 2014 and 2013 are as follows

	August 31, 2014			
	Total	Level 1	Level 2	Level 3
Investments limited as to use				
Common stocks				
Consumer	\$ 2,598,097	\$ 2,598,097 00	\$ -0-	\$ -0-
Energy	1,930,658	1,930,658	-0-	-0-
Financial	1,913,989	1,913,989	-0-	-0-
Healthcare	1,005,948	1,005,948	-0-	-0-
Industrials	1,576,916	1,576,916	-0-	-0-
Information technology	1,365,734	1,365,734	-0-	-0-
Materials	160,264	160,264	-0-	-0-
Total common stocks	10,551,606	10,551,606	-0-	-0-
Mutual funds				
Fixed income funds	511,457	511,457	-0-	-0-
Large cap funds	197,809	197,809	-0-	-0-
Mid cap funds	119,422	119,422	-0-	-0-
Small cap funds	32,311	32,311	-0-	-0-
Sector funds	10,150	10,150	-0-	-0-
International funds	476,555	476,555	-0-	-0-
Index funds	102,135	102,135	-0-	-0-
Total mutual funds	1,449,839	1,449,839	-0-	-0-
US government obligations	9,878,790	-0-	9,878,790	-0-
Corporate obligations				
Low yield	2,702,026	-0-	2,702,026	-0-
Mid yield	11,591,017	-0-	11,591,017	-0-
High yield	4,881,953	-0-	4,881,953	-0-
Total corporate obligations	19,174,996	-0-	19,174,996	-0-
Collective trust funds	440,544	-0-	440,544	-0-
Money market funds	38,033,823	-0-	38,033,823	-0-
	79,529,598	\$ 12,001,445	\$ 67,528,153	\$ -0-
Certificates of deposit	6,174,226			
	<u>\$ 85,703,824</u>			

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

	August 31, 2013			
	Total	Level 1	Level 2	Level 3
Investments limited as to use				
Common stocks				
Consumer	\$ 3,445,705	\$ 3,445,705	\$ -0-	\$ -0-
Energy	1,980,216	1,980,216	-0-	-0-
Financial	1,081,846	1,081,846	-0-	-0-
Healthcare	243,004	243,004	-0-	-0-
Industrials	2,117,235	2,117,235	-0-	-0-
Information technology	639,364	639,364	-0-	-0-
Materials	47,184	47,184	-0-	-0-
Total common stocks	9,554,554	9,554,554	-0-	-0-
Mutual funds				
Fixed income funds	407,644	407,644	-0-	-0-
Large cap funds	138,983	138,983	-0-	-0-
Mid cap funds	444,790	444,790	-0-	-0-
Small cap funds	123,638	123,638	-0-	-0-
Sector funds	9,067	9,067	-0-	-0-
International funds	279,561	279,561	-0-	-0-
Index funds	273,458	273,458	-0-	-0-
Total mutual funds	1,677,141	1,677,141	-0-	-0-
US government obligations	9,330,701	-0-	9,330,701	-0-
Corporate obligations	1,102,955	-0-	1,102,955	-0-
Collective trust funds	421,652	-0-	421,652	-0-
Money market funds	39,020,261	-0-	39,020,261	-0-
	61,107,264	\$ 11,231,695	\$ 49,875,569	\$ -0-
Certificates of deposit	22,625,613			
Total	\$ 83,732,877			

The Corporation's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers during 2014 and 2013.

Realized gains and losses and interest income are reported in the consolidated statements of operations and changes in net assets as a component of investment income. Realized gains and losses and interest income approximated \$3,000,000 and \$800,000 during 2014 and 2013 respectively.

The market value of investments exceeded the cost by approximately \$2,908,000 and \$3,458,000 as of August 31, 2014 and 2013, respectively. The unrealized gain and loss are included in earnings for the period attributable to the change in unrealized gain and loss relating to assets held as of August 31, 2014 and 2013 and are reported in the consolidated statements of operations and changes in net assets as net unrealized gain on investments. During 2014, the Corporation recognized an unrealized loss of approximately \$550,000. During 2013, the Corporation recognized an unrealized gain of approximately \$990,000. These amounts are included in the consolidated statement of operations and changes in net assets as net unrealized gain (loss) on investment within other changes in unrestricted net assets and net investment income within permanently restricted net assets.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

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

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

Long-term debt Fair value of the Corporation's long-term debt, based on current quoted market value of similar debt instruments, for the Series 2011, 2007, and 1993 fixed rate tax exempt bonds approximated \$258,636,000 and \$272,354,000 as of August 31, 2014 and 2013, respectively. The fair value of variable rate debt (Series 2004 and 2014 bonds) approximates its carrying value of \$15,615,000 and \$16,312,000 as of August 31, 2014 and 2013.

### 7. ENDOWMENT FUNDS

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

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

The endowment net assets by type of fund as of August 31, 2014 and 2013

	2014	2013
Donor-restricted endowment funds		
Permanently restricted	\$ 1,558,349	\$ 1,403,823
Total endowment funds	<u>\$ 1,558,349</u>	<u>\$ 1,403,823</u>

For 2014 and 2013, the Corporation had the following endowment-related activities

	Permanently restricted	
	2014	2013
Endowment net assets, beginning of year	\$ 1,403,823	\$ 1,309,397
Net investment income and other changes	<u>154,526</u>	<u>94,426</u>
Endowment net assets, end of year	<u>\$ 1,558,349</u>	<u>\$ 1,403,823</u>

### 8. LONG-TERM DEBT

A Master Trust Indenture, as amended, provides for the issuance of long-term debt under an obligated group structure. The Obligated Group consists of the Corporation and subsidiaries. This Obligated Group is required to meet certain covenants under the Master Trust Indenture. The Obligated Group is subject to certain financial performance covenants, among other compliance requirements, that require the maintenance of debt service ratios. As of August 31, 2014, management of the Obligated Group believes that it is in compliance with all financial covenants.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

The following is a summary of long-term debt as of August 31, 2014 and 2013

	2014	2013
Indiana Health and Educational Facility Financing Authority or Hospital Authority of Vigo County (Indiana)		
Series 2011, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2015 through 2041 Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 7 5% to 8% and averages 7 77% Includes bond discount of approximately \$900,000 as of August 31, 2014	\$ 54,182,666	\$ 54,127,348
Series 2007, tax-exempt demand revenue bonds payable in annual installments commencing in fiscal 2027 through 2047 Interest rate is fixed (payable semiannually) during the term the bonds are outstanding and ranges from 5 50% to 5 80% and averages 5 74% Includes bond discount of approximately \$400,000 as of August 31, 2014	176,151,215	176,137,438
Series 2006B, taxable variable rate demand revenue bonds, payable in annual principal installments through fiscal 2037 Interest rate is set weekly (payable semiannually) and averages 50% in fiscal 2014	-0-	12,330,000
Series 1993, tax-exempt fixed rate serial and term bonds, payable in annual principal installments through fiscal 2024 Interest (payable semiannually) ranges from 5 125% to 5 250% and averages 5 18% in fiscal 2014	21,115,000	22,800,000
Series 2014A, taxable variable rate demand revenue bonds, payable in annual principal installments through fiscal 2036 Interest rate is set weekly (payable monthly) and averages 2 37% in fiscal 2014	12,105,000	-0-
Loan payable in monthly principal installments commencing in fiscal 2010 through fiscal 2026 Fixed term with variable interest rate set monthly (payable monthly) using LIBOR based rates and averages 3 86% in 2014	4,093,800	5,093,100
Capital leases and other	1,945,337	1,508,582
Total long-term debt	269,593,018	271,996,468
Less current portion	2,917,100	3,516,190
	<u>\$ 266,675,918</u>	<u>\$ 268,480,278</u>



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

Year Ending August 31,	
2015	\$ 2,917,100
2016	3,653,623
2017	3,772,434
2018	3,855,482
2019	2,785,219
Thereafter	252,609,160
	<u>\$ 269,593,018</u>

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

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

The Corporation has a letter of credit for a maximum of \$13,000,000 attached to the Series 2006B taxable Bonds to cover noncompliance with principal and interest payments. There were no draws on the letter during fiscal year 2014 and 2013, and there are no outstanding amounts under this arrangement at August 31, 2014 and 2013. The letter of credit was terminated in accordance with the issuance of the series 2014A Bonds on April 25, 2014.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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On April 25, 2014, the Corporation issued through the Hospital Authority of Vigo County (the Authority), Hospital Revenue Bonds, Series 2014A (taxable bonds) in the aggregate amount of \$12,105,000, principally to finance, or reimburse the Corporation to refund the Indiana Health Facility Financing Authority Variable Rate Demand Bonds, Series 2006B. The interest rate is variable and averages 2.37%. The term bonds expire in 2036 with principal payments beginning in 2015. During 2014, the Corporation, the Authority, and JP Morgan Chase entered into Bond Purchase Contracts (Contracts) whereby JP Morgan Chase purchased from the Authority all of the series 2014A bonds in a private placement.

Under the terms of the Contracts, JP Morgan Chase agreed to hold the Series 2014A bonds through the stated bond maturity dates. At the end of the Contract period for the Series 2014A bonds, these bonds could be remarketed to the original holders or to new investors at interest rate options as provided in the bond documents. If the Series 2014A bonds cannot be remarketed at the end of the Contract period, the Corporation would be subject to payment of the remaining principal.

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

Total interest paid on long-term debt for the years ended August 31, 2014 and 2013, aggregated approximately \$16,000,000 and \$16,200,000, respectively.

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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The Corporation leases medical equipment and software under capital leases with various expiration dates. Cost and accumulated depreciation of the equipment under capital leases was approximately \$3,112,000 and \$4,350,000, respectively, and \$2,026,000 and \$2,150,000, respectively, at August 31, 2014 and August 31, 2013. The following is a schedule by year of future minimum lease payments under capital leases as of August 31, 2014, that have initial or remaining lease terms in excess of one year:

Year Ending August 31,	
2015	\$ 501,620
2016	240,782
2017	150,808
2018	<u>27,552</u>
	920,762
Less imputed interest	<u>47,002</u>
	<u>\$ 873,760</u>

The Corporation has operating leases for medical equipment and office space. Total rent and lease expense for 2014 and 2013 was \$11,300,000 and \$11,800,000, respectively. Future minimum lease payments under noncancelable operating leases as of August 31, 2014 that have initial or remaining lease terms in excess of one year are as follows:

Year Ending August 31,	
2015	\$ 4,616,323
2016	3,181,573
2017	2,710,613
2018	1,615,955
2019	441,371
Thereafter	<u>48,417</u>
	<u>\$ 12,614,252</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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### 9. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

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

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

The liability outstanding for the estimated cost for those in the program are approximately \$974,000 and \$1,671,000 as of August 31, 2014 and 2013. Of these amounts approximately \$458,000 and \$458,000 were recorded as salaries, wages, and related liabilities and approximately \$974,000 and \$1,213,000 were recorded as pension liability and related obligations on the consolidated balance sheets as of August 31, 2014 and 2013, respectively.

The Corporation recognizes the funded status of its defined-benefit pension plan in its consolidated balance sheets and the changes therein within its consolidated statements of operations and changes in net assets. Funded status is defined as the difference between the projected benefit obligation and the fair value of plan assets. Prior unrecognized net actuarial losses of \$29,538,000 and \$27,308,000 have been included in the unrestricted net assets at August 31, 2014 and 2013, respectively, and have not yet been recognized in net periodic pension cost. The adjustment to unrestricted net assets consisted primarily of the change in cumulative losses on the retirement plan in 2014 and 2013 and changes in the funded status.

Actuarial losses included in unrestricted net assets at August 31, 2014 and 2013, and expected to be amortized in net periodic benefit cost were approximately \$1,660,000 and \$327,000.

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

The following table sets forth the defined-benefit pension plan's benefit obligations, fair value of the Plan's assets, and unfunded status at August 31, 2014 and 2013

	2014	2013
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 107,079,332	92,485,670
Interest cost	5,753,791	5,853,350
Benefits paid	(4,743,541)	(4,557,134)
Actuarial loss	8,483,094	13,297,446
Benefit obligation, end of year	<u>\$ 116,572,676</u>	<u>\$ 107,079,332</u>
Changes in plan assets		
Fair value of plan assets, beginning of year	97,584,772	89,065,460
Actual return on plan assets	11,075,941	4,066,446
Employer contributions	9,240,000	9,010,000
Benefits paid	(4,742,742)	(4,557,134)
Fair value of plan assets, end of year	<u>\$ 113,157,971</u>	<u>\$ 97,584,772</u>
Unfunded status		
Unfunded status of the plan, end of year	<u>\$ (3,414,705)</u>	<u>\$ (9,494,560)</u>

The liability recorded to account for the unfunded status of the plan at year end is recognized within the pension liability and related obligations on the consolidated balance sheet as of August 31, 2014 and 2013

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

	2014	2013
Components of net benefit cost		
Interest cost	\$ 5,753,791	\$ 5,853,350
Expected return on plan assets	(6,483,088)	(5,884,537)
Actuarial loss	1,659,965	327,053
Net periodic benefit cost	<u>\$ 930,668</u>	<u>\$ 295,866</u>

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

Year Ending August 31,	
2015	\$ 17,074,779
2016	5,274,928
2017	5,600,578
2018	5,872,443
2019	6,232,555
2019-2023	34,428,562
	<u>\$ 74,483,845</u>

The weighted-average assumptions used to determine the Plan's projected benefit obligation (PBO) and net periodic benefit costs (NPBC) for the years ended August 31, 2014 and 2013 are as follows

	2014	2013
Discount rate	5.0%	5.5%
Expected return on plan assets	6.5%	6.5%
Rate of compensation increase - NPBC	Not Applicable	Not Applicable

The principal long-term determinant of a portfolio's investment return is its asset allocation. The Plan's allocation includes growth assets (40%) and fixed income (49%) investments and other (11%). In addition, active management strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the Plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management.

The Plan's weighted-average asset allocations at August 31, 2014 and 2013, by asset category, are as follows

	2014	2013
Mutual funds - equity funds	40%	45%
Mutual funds - bond funds	49%	51%
Other	11%	4%
	<u>100%</u>	<u>100%</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

The following is an analysis of fair value of the major classes of plan assets as of August 31, 2014 and 2013

	Fair Value	
	2014	2013
Money market funds	\$ 10,985,757	\$ 1,780,843
Mutual funds - equity funds	45,343,951	43,985,942
Mutual funds - bond funds	55,613,535	50,269,980
Private equity funds	1,214,728	1,548,007
Total	<u>\$ 113,157,971</u>	<u>\$ 97,584,772</u>

See footnote 6 for information on valuation techniques for money market funds and mutual funds. The fair value of the private equity funds are valued at the NAV of units of the funds. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the net asset value of the fund and, consequently, the fair value of the Corporation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the Corporation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

The following is a reconciliation of the fair value of plan assets as of August 31, 2014 and 2013 determined on the basis of valuation techniques

	Private Equity Funds	
	2014	2013
Balance, beginning of year	\$ 1,548,007	\$ 1,813,510
Return on plan assets		
Assets held at the end of the year	(44,189)	(57,555)
Net purchases	(289,090)	(207,948)
Balance, end of year	<u>\$ 1,214,728</u>	<u>\$ 1,548,007</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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

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

The Corporation expects to contribute approximately \$9,240,000 to the pension plan in 2015 and will meet the required funding amounts for 2014. The Corporation elected to freeze the Plan in 2010, but will continue to fund the plan as required. The related expenses to the pension plan approximated \$1,491,000 and \$752,000 as of August 31, 2014 and 2013.

The Corporation also has a 403b defined contribution plan which includes a 50% employer match up to 6% of employee deferrals in addition to an employer discretionary add-on of 1.67% for the years ended August 31, 2014 and 2013. The related contributions for the plan approximated \$3,865,000 and \$4,328,000 for August 31, 2014 and 2013, respectively.

### 10. INVESTMENTS IN JOINT VENTURES

The Corporation owns 50% of UAPC. The Corporation accounted for the investment under the equity method of accounting, as the governance structure is such that the Corporation cannot exercise control. The Corporation's 50% interest in UAPC amounts to approximately \$1,200,000 and \$1,900,000 as of August 31, 2014 and 2013. The interest is recorded in Investments in Joint Ventures on the Consolidated Balance Sheets and the Corporation's loss on its investment in UAPC is recorded in Loss on Investment in UAPC on the Consolidated Statements of Operations and Changes in Net Assets.



# UNION HOSPITAL INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2014 AND 2013

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The Corporation owns approximately 18% of the Indiana Healthcare Reciprocal Risk Retention Group (IHRRRG). The Corporation accounted for the investment under the equity method of accounting, as the governance structure is such that the Corporation cannot exercise control. The Corporation's 18% interest in IHRRRG amounts to approximately \$2,600,000 and \$2,400,000 as of August 31, 2014 and 2013. The interest is recorded in Investments in Joint Ventures on the Consolidated Balance Sheets and the Corporation's gain on its investment in UAPC is recorded in other non-operating gains (losses) on the Consolidated Statements of Operations and Changes in Net Assets.

The Corporation has ownership interest in other joint ventures accounted for under the equity method, the effects of which are immaterial to the consolidated financial statements as a whole.

### 11. COMMITMENTS AND CONTINGENCIES

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

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

## **SUPPLEMENTARY INFORMATION**

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2014

	Union Hospital, Inc	IPACS, Inc	COH	UHT, LLC	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 12,076,701	\$ 2,306,063	\$ 3,948	\$ 529,848	\$ -0-	\$ 14,916,560
Funds held by trustee, current portion	9,541,508	-0-	-0-	-0-	-0-	9,541,508
Board designated funds, current portion	230,101	-0-	-0-	-0-	-0-	230,101
Patient accounts receivable, net	54,916,479	-0-	265,075	-0-	-0-	55,181,554
Inventories	4,278,475	-0-	-0-	-0-	-0-	4,278,475
Prepaid expenses and other current assets	1,942,770	77,516	322,439	594,589	(671,757)	2,265,557
Total current assets	82,986,034	2,383,579	591,462	1,124,437	(671,757)	86,413,755
<b>Investments limited as to use, less current portion</b>						
Funds held by trustee	24,339,326	-0-	-0-	-0-	-0-	24,339,326
Board designated funds	50,034,540	-0-	-0-	-0-	-0-	50,034,540
Permanently restricted	1,558,349	-0-	-0-	-0-	-0-	1,558,349
Total investments limited as to use	75,932,215	-0-	-0-	-0-	-0-	75,932,215
<b>Property and equipment</b>						
Land and improvements	37,745,161	-0-	-0-	-0-	-0-	37,745,161
Buildings and fixed equipment	340,378,419	7,652	-0-	-0-	-0-	340,386,071
Movable equipment	126,831,583	57,211	60,540	-0-	-0-	126,949,334
	504,955,163	64,863	60,540	-0-	-0-	505,080,566
Less allowances for depreciation	233,787,555	33,377	45,593	-0-	-0-	233,866,525
	271,167,608	31,486	14,947	-0-	-0-	271,214,041
Construction in progress	5,296,526	-0-	-0-	-0-	-0-	5,296,526
Total property and equipment, net	276,464,134	31,486	14,947	-0-	-0-	276,510,567
<b>Other assets</b>						
Due from Union Hospital Foundation, Inc	2,579,026	-0-	-0-	-0-	-0-	2,579,026
Deferred financing costs, net	2,927,479	-0-	-0-	-0-	-0-	2,927,479
Intangible assets, net	1,461,027	-0-	-0-	-0-	-0-	1,461,027
Investment in joint ventures	6,863,631	-0-	-0-	-0-	(3,073,171)	3,790,460
	13,831,163	-0-	-0-	-0-	(3,073,171)	10,757,992
Total assets	\$ 449,213,546	\$ 2,415,065	\$ 606,409	\$ 1,124,437	\$ (3,744,928)	\$ 449,614,529

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# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2014

	Union Hospital, Inc	IPACS, Inc	COH	UHT, LLC	Eliminations	Union Hospital, Inc and Subsidiaries
<b>Liabilities and net assets</b>						
<b>Current liabilities</b>						
Accounts payable and other current liabilities	\$ 19,763,206	\$ 329,652	\$ 4,770	\$ 60,424	\$ (671,757)	\$ 19,486,295
Salaries, wages and related liabilities	21,178,673	27,334	-0-	225,816	-0-	21,431,823
Estimated third party settlements	3,131,210	-0-	-0-	-0-	-0-	3,131,210
Accrued interest	7,792,072	-0-	-0-	-0-	-0-	7,792,072
Current portion of long-term debt	2,917,100	-0-	-0-	-0-	-0-	2,917,100
Total current liabilities	54,782,261	356,986	4,770	286,240	(671,757)	54,758,500
<b>Long-term liabilities</b>						
Long-term debt, less current portion	266,648,412	-0-	-0-	27,506	-0-	266,675,918
Deferred revenue	100,474	-0-	-0-	-0-	-0-	100,474
Pension liability and related obligations	4,388,439	-0-	-0-	-0-	-0-	4,388,439
Other long-term liabilities	2,161,671	-0-	-0-	-0-	-0-	2,161,671
Total long-term liabilities	273,298,996	-0-	-0-	27,506	-0-	273,326,502
Total liabilities	328,081,257	356,986	4,770	313,746	(671,757)	328,085,002
<b>Net assets</b>						
Unrestricted	116,748,571	2,058,079	601,639	810,691	(3,073,171)	117,145,809
Temporarily restricted	2,825,369	-0-	-0-	-0-	-0-	2,825,369
Permanently restricted	1,558,349	-0-	-0-	-0-	-0-	1,558,349
Total net assets	121,132,289	2,058,079	601,639	810,691	(3,073,171)	121,529,527
Total liabilities and net assets	<u>\$ 449,213,546</u>	<u>\$ 2,415,065</u>	<u>\$ 606,409</u>	<u>\$ 1,124,437</u>	<u>\$ (3,744,928)</u>	<u>\$ 449,614,529</u>

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2013

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

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# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEETS AUGUST 31, 2013

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

# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2014

	Union Hospital	Union Hospital Clinton	Total Union Hospital, Inc	IPACS, Inc	COH	UHT, LLC	Eliminations	Total Union Hospital, Inc and Subsidiaries
<b>Operating revenue</b>								
Net patient service revenue	\$ 411,529,502	\$ 28,855,908	\$ 440,385,410	\$ -0-	\$ 1,396,184	\$ -0-	\$ -0-	\$ 441,781,594
Less provision for bad debts	33,725,999	3,618,560	37,344,559	-0-	-0-	-0-	-0-	37,344,559
Net patient service revenue net of provision for bad debts	377,803,503	25,237,348	403,040,851	-0-	1,396,184	-0-	-0-	404,437,035
Other revenue	8,516,298	411,028	8,927,326	1,130,427	-0-	3,288,049	(5,012,358)	8,333,444
Total operating revenue	386,319,801	25,648,376	411,968,177	1,130,427	1,396,184	3,288,049	(5,012,358)	412,770,479
<b>Operating expenses</b>								
Salaries and wages	125,839,301	9,616,029	135,455,330	323,180	-0-	1,692,310	-0-	137,470,820
Employee benefits	24,951,123	1,895,355	26,846,478	106,296	-0-	278,969	-0-	27,231,743
Medical supplies and drugs	55,701,318	2,344,817	58,046,135	-0-	153,449	-0-	-0-	58,199,584
Physician services	3,815,445	7,869	3,823,314	-0-	-0-	-0-	-0-	3,823,314
Contract services	62,026,358	1,122,089	63,148,447	20,382	124,911	-0-	-0-	63,293,740
Rent and leases	10,659,292	671,463	11,330,755	17,788	4,369	-0-	(16,031)	11,336,881
Utilities, supplies, and other	39,610,848	4,056,954	43,667,802	645,635	853,327	504,954	(4,996,327)	40,675,391
Hospital assessment fee	19,287,012	1,352,666	20,639,678	-0-	-0-	-0-	-0-	20,639,678
Depreciation and amortization	23,953,532	1,022,801	24,976,333	9,685	3,247	-0-	-0-	24,989,265
Interest	16,035,954	90	16,036,044	-0-	-0-	1,125	-0-	16,037,169
Total operating expenses	381,880,183	22,090,133	403,970,316	1,122,966	1,139,303	2,477,358	(5,012,358)	403,697,585
Income from operations before special item	4,439,618	3,558,243	7,997,861	7,461	256,881	810,691	-0-	9,072,894
<b>Special item - reduction in force</b>	(1,243,959)	-0-	(1,243,959)	-0-	-0-	-0-	-0-	(1,243,959)
Income from operations after special item	3,195,659	3,558,243	6,753,902	7,461	256,881	810,691	-0-	7,828,935
<b>Non-operating gains (losses)</b>								
Investment income	2,929,459	171	2,929,630	80,111	-0-	-0-	-0-	3,009,741
Investment in UAPC	(2,407,281)	-0-	(2,407,281)	-0-	-0-	-0-	-0-	(2,407,281)
Other	924,466	(603)	923,863	-0-	-0-	-0-	(757,550)	166,313
Total non-operating revenues	1,446,644	(432)	1,446,212	80,111	-0-	-0-	(757,550)	768,773
Excess of revenue over expenses	\$ 4,642,303	\$ 3,557,811	\$ 8,200,114	\$ 87,572	\$ 256,881	\$ 810,691	\$ (757,550)	\$ 8,597,708

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# UNION HOSPITAL INC. AND SUBSIDIARIES

## CONSOLIDATING STATEMENTS OF OPERATIONS YEAR ENDED AUGUST 31, 2013

	Union Hospital	Union Hospital Clinton	Total Union Hospital, Inc	IPACS, Inc	COH	Eliminations	Total Union Hospital, Inc and Subsidiaries
<b>Operating revenue</b>							
Net patient service revenue	\$ 404,144,154	\$ 29,209,908	\$ 433,354,062	\$ -0-	\$ 1,104,120	\$ -0-	\$ 434,458,182
Less provision for bad debts	27,712,139	3,443,644	31,155,783	-0-	-0-	-0-	31,155,783
Net patient service revenue net of provision for bad debts	376,432,015	25,766,264	402,198,279	-0-	1,104,120	-0-	403,302,399
Other revenue	8,867,445	293,663	9,161,108	\$ 1,314,936 00	-0-	(1,759,832)	8,716,212
Total operating revenue	385,299,460	26,059,927	411,359,387	1,314,936	1,104,120	(1,759,832)	412,018,611
<b>Operating expenses</b>							
Salaries and wages	128,954,736	9,698,184	138,652,920	313374	-0-	-0-	138,966,294
Employee benefits	25,045,874	1,917,389	26,963,263	134148	-0-	-0-	27,097,411
Medical supplies and drugs	57,937,292	2,434,751	60,372,043	-0-	137,389	-0-	60,509,432
Physician services	5,656,842	187,978	5,844,820	-0-	-0-	-0-	5,844,820
Contract services	64,848,052	1,069,525	65,917,577	2,732	118093	-0-	66,038,402
Rent and leases	11,136,445	670,269	11,806,714	17,222	3,303	(15,564)	11,811,675
Utilities, supplies, and other	34,528,869	3,434,831	37,963,700	796970	740,481	(1,744,268)	37,756,883
Hospital assessment fee	15,927,521	1,238,553	17,166,074	-0-	-0-	-0-	17,166,074
Depreciation and amortization	24,583,521	1,072,283	25,655,804	9586	6,944	-0-	25,672,334
Interest	16,222,721	1,390	16,224,111	-0-	-0-	-0-	16,224,111
Total operating expenses	384,841,873	21,725,153	406,567,026	1,274,032	1,006,210	(1,759,832)	407,087,436
Income (loss) from operations	457,587	4,334,774	4,792,361	40,904	97,910	-0-	4,931,175
<b>Nonoperating gains (losses)</b>							
Investment income	635,147	1,579	636,726	72,807	-0-	-0-	709,533
Investment in UAPC	(1,411,649)	-0-	(1,411,649)	-0-	-0-	-0-	(1,411,649)
Other	694,861	(1,554)	693,307	-0-	-0-	(211,977)	481,330
Total nonoperating revenues	(81,641)	25	(81,616)	72,807	-0-	(211,977)	(220,786)
Excess of revenue over (under) expenses	\$ 375,946	\$ 4,334,799	\$ 4,710,745	\$ 113,711	\$ 97,910	\$ (211,977)	\$ 4,710,389

See Report of Independent Auditors on Pages 1 - 3



# UNION HOSPITAL INC. AND SUBSIDIARIES

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2014

Program	Grant ID #	CFDA Number	Federal Expenditures
<b>Major programs</b>			
<b>Department of Health and Human Services</b>			
Training in Primary Care Training and Enhancement pass through the Bureau of Health Professions	D58HP23232-03	93 884	\$ 212,923
<b>Non-major programs</b>			
Department of Health and Human Services			
Telehealth Resource Center Grant Program (TRCGP)	G22RH24745	93 211	20,000
Community Health Center Grant	CHC 880-5	93 913	90,609
Pass through the Office of Rural Health Policy Rural Access to Emergency Devices	H3DRH26506-01-01	93 259	135,918
Pass through the Indiana State University Indiana AHEC Network	U77HP23068-03-00	93 107	20,000
Pass through the Indiana State Department of Health Small Rural Hospital Improvement Program Grant (SHIP)	A70-4-079983	93 301	10,016
Pass through the Indiana State Department of Health Substance Abuse Prevention and Treatment Block Grant Quit for Baby of the Wabash Valley Project	A70-4-069669	93 959	50,060
Pass through the Indiana State Department of Health - pass through District 7 Hospital Corporation National Bioterrorism Hospital Preparedness Program	BHP 1138-1	93 074	13,119
Total non-major programs			339,722
Total federal expenditures			<u>\$ 552,645</u>

### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation under programs of the federal government for the year ended August 31, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The basic consolidated financial statement classifications may include other financial activity for reporting purposes. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.



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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

**REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, issued by the Indiana State Board of Accounts, the consolidated financial statements of Union Hospital, Inc and Subsidiaries (the Corporation), which comprise the consolidated balance sheet as of August 31, 2014, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 20, 2014. Our report included an explanatory paragraph stating that the Corporation is part of an affiliated group of entities that has been consolidated into the reporting entity Union Health System, Inc, and that these financial statements include only the financial position changes in net assets and cash flows of Corporation.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

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

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

## **COMPLIANCE AND OTHER MATTERS**

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

## **PURPOSE OF THIS REPORT**

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

**Blue & Co., LLC**

Indianapolis, Indiana  
November 20, 2014



Blue State Healthcare  
317-533-4775 | 317-533-4689 | [bluestatehealth.com](http://bluestatehealth.com)

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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Union Hospital, Inc. and Subsidiaries' (the Corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended August 31, 2014. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### MANAGEMENT'S RESPONSIBILITY

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

### AUDITOR'S RESPONSIBILITY

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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

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

## **OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

Board of Directors  
Union Hospital  
Terre Haute, Indiana

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

**Blue & Co., LLC**

Indianapolis, Indiana  
November 20, 2014

# UNION HOSPITAL INC. AND SUBSIDIARIES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED AUGUST 31, 2014

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### Summary of Auditor's Results

#### *Consolidated Financial Statements*

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

#### *Federal Awards*

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

#### Identification of major program

CFDA Number  
93 884

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

Dollar threshold used to distinguish between type A and B programs	\$300,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

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

No matters reported

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

No matters reported

### Section IV – Summary schedule of prior audit findings:

No matters reported