

# PUBLIC INSPECTION COPY

Form **990**

## Return of Organization Exempt From Income Tax

OMB No. 1545-0047

**2017**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

<b>A</b> For the 2017 calendar year, or tax year beginning <u>01/01</u> , 2017, and ending <u>12/31</u> , 20 <u>17</u>	
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <u>The Union Hospital Association</u> Doing business as <u>Union Hospital</u> Number and street (or P.O. box if mail is not delivered to street address) Room/suite <u>659 Boulevard</u> City or town, state or province, country, and ZIP or foreign postal code <u>Dover, OH, 44622</u> <b>D</b> Employer identification number <u>34-0714771</u> <b>E</b> Telephone number <u>330-343-3311</u> <b>G</b> Gross receipts \$ <u>133,885,133</u> <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>F</b> Name and address of principal officer: <u>R Bruce James</u> <u>659 Boulevard, Dover, OH 44622</u> <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</b> Website: ▶ <u>www.unionhospital.org</u> <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: <u>1906 <b>M</b> State of legal domicile: <u>OH</u> </u>

Part I Summary			
Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>To provide excellent quality health care to the community at a competitive price through highly competent people and an integrated provider network.</u>	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	3	Number of voting members of the governing body (Part VI, line 1a)	3 17
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4 16
	5	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5 1,276
	6	Total number of volunteers (estimate if necessary)	6 154
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a 163,354
	b	Net unrelated business taxable income from Form 990-T, line 34	7b 50,698
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 361,033 Current Year 343,433
	9	Program service revenue (Part VIII, line 2g)	86,286,350 86,668,475
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,967,330 5,445,696
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	17,461,543 15,325,902
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	108,076,256 107,783,506
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0 0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0 0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	57,663,884 58,081,624
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0 0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	47,647,882 47,665,938
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	105,311,766 105,747,562
19	Revenue less expenses. Subtract line 18 from line 12	2,764,490 2,035,944	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year 193,889,586 End of Year 196,450,752
	21	Total liabilities (Part X, line 26)	59,555,888 60,101,247
	22	Net assets or fund balances. Subtract line 21 from line 20	134,333,698 136,349,505

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	Signature of officer	Date		
	<u>Eugene A Thorn III, CFO</u> Type or print name and title			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no.		

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2017)

Form **8453-EO**

## Exempt Organization Declaration and Signature for Electronic Filing

OMB No. 1545-1879

For calendar year 2017, or tax year beginning 01/01, 2017, and ending 12/31, 20 17

**2017**

Department of the Treasury  
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

Name of exempt organization

Employer identification number

The Union Hospital Association

34-0714771

### Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a	Form 990 check here	<input checked="" type="checkbox"/>	b	Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	107,783,506
2a	Form 990-EZ check here	<input type="checkbox"/>	b	Total revenue, if any (Form 990-EZ, line 9)	2b	
3a	Form 1120-POL check here	<input type="checkbox"/>	b	Total tax (Form 1120-POL, line 22)	3b	
4a	Form 990-PF check here	<input type="checkbox"/>	b	Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a	Form 8868 check here	<input type="checkbox"/>	b	Balance due (Form 8868, line 3c)	5b	

### Part II Declaration of Officer

- 6 ☐ I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
- ☐ If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2017 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign  
Here

Signature of officer

Date

Eugene A Thorn III, CFO  
Title

### Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature	Date	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code				EIN
				Phone no.	

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name				Firm's EIN
	Firm's address				Phone no.

**Part III** Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission:Patient Care: The Union Hospital Association provides quality medical health care regardless of race, creed, sex, national origin, handicap, age or ability to pay.**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

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

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code: ) (Expenses \$ 79,504,223 including grants of \$ 0) (Revenue \$ 86,369,257)The Union Hospital Association provided quality medical health care regardless of race, creed, age, sex, national origin, handicap, or the ability to pay. Hospital medical services provided 4,724 inpatients a total of 18,595 patient days and 272,319 outpatient visits a total of 301,211 procedures.**4b** (Code: ) (Expenses \$ 323,617 including grants of \$ 0) (Revenue \$ 135,864)The Hospital is dedicated in helping the elderly and disabled citizens of our community. We provide services, or assist with services, to these populations. One service is the Helpline program that provides quick medical or emergency assistance to the elderly and disabled. In 2017, this program enabled 546 subscribers to remain in their homes feeling safe and secure. During the year the hospital provided 60,843 meals through Mobile Meals, a volunteer group that delivers meals to residents unable to prepare their own meals due to medical limitations. The Hospital provided these meals Mobile Meals at a cost of \$119,860. We are committed to helping our community with such works as co-sponsoring annual events that provide laboratory tests and blood pressure checks for the residents of the community; these services are provided at or below cost. During 2017, these events provided 9,529 community members with discounted cost testing services. We also operate a mobile medical vehicle that provides screenings to areas that would have been underserved. We host and support various groups such as, Down Syndrome, RSD, Pain Management, and multiple cancer support groups to ensure the health and wellbeing of our entire population. We also provide babysitting and AARP driving courses to the community. Our sports medicine department provides athletic training to area schools (Continued on Schedule O, Statement 2)**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe in Schedule O.)(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)**4e** Total program service expenses **79,827,840**



**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	<b>1</b> ✓	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	<b>2</b> ✓	
<b>3</b> 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 . . . . .	<b>3</b>	✓
<b>4</b> <b>Section 501(c)(3) organizations.</b> 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 . . . . .	<b>4</b> ✓	
<b>5</b> 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 . . . . .	<b>5</b>	✓
<b>6</b> 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 . . . . .	<b>6</b>	✓
<b>7</b> 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 . . . . .	<b>7</b>	✓
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	<b>8</b>	✓
<b>9</b> 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 . . . . .	<b>9</b>	✓
<b>10</b> 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 . . . . .	<b>10</b>	✓
<b>11</b> 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.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	<b>11a</b> ✓	
<b>b</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 . . . . .	<b>11b</b>	✓
<b>c</b> 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 . . . . .	<b>11c</b>	✓
<b>d</b> 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 . . . . .	<b>11d</b> ✓	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	<b>11e</b> ✓	
<b>f</b> 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 . . . . .	<b>11f</b> ✓	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	<b>12a</b>	✓
<b>b</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 . . . . .	<b>12b</b> ✓	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<b>13</b>	✓
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<b>14a</b>	✓
<b>b</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 . . . . .	<b>14b</b>	✓
<b>15</b> 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 . . . . .	<b>15</b>	✓
<b>16</b> 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 . . . . .	<b>16</b>	✓
<b>17</b> 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) . . . . .	<b>17</b>	✓
<b>18</b> 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 . . . . .	<b>18</b>	✓
<b>19</b> 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 . . . . .	<b>19</b>	✓

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>23</b> 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? If "Yes," complete Schedule J . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>24a</b> 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? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</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? If "Yes," complete Schedule L, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>26</b> 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? If "Yes," complete Schedule L, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>27</b> 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? If "Yes," complete Schedule L, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>c</b> 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? If "Yes," complete Schedule L, Part IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</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)? If "Yes," complete Schedule R, Part V, line 2 . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>37</b> 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? If "Yes," complete Schedule R, Part VI . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>38</b> 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. . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Part V** Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	<b>1a</b> 104		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b> 0		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	✓	
<b>2a</b> 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	<b>2a</b> 1276		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	<b>2b</b>	✓	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	✓	
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	<b>3b</b>	✓	
<b>4a</b> 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)?	<b>4a</b>		✓
<b>b</b> If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>		✓
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>		✓
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>		
<b>6a</b> 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?	<b>6a</b>		✓
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> 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?	<b>7a</b>		✓
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>		✓
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>		✓
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>		✓
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>		✓
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>		✓
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>		
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> 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.	<b>13a</b>		
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>		✓
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	<b>14b</b>		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year . . . . . <b>1a</b> <b>17</b> 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>b</b> Enter the number of voting members included in line 1a, above, who are independent . . . . . <b>1b</b> <b>16</b>		
<b>2</b> 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? . . . . . <b>2</b>		<input checked="" type="checkbox"/>
<b>3</b> 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? . . . . . <b>3</b>		<input checked="" type="checkbox"/>
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . <b>4</b>		<input checked="" type="checkbox"/>
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . . <b>5</b>		<input checked="" type="checkbox"/>
<b>6</b> Did the organization have members or stockholders? . . . . . <b>6</b>	<input checked="" type="checkbox"/>	
<b>7a</b> 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? . . . . . <b>7a</b>		<input checked="" type="checkbox"/>
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . <b>7b</b>		<input checked="" type="checkbox"/>
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body? . . . . . <b>8a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . . <b>8b</b>	<input checked="" type="checkbox"/>	
<b>9</b> 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 . . . . . <b>9</b>		<input checked="" type="checkbox"/>

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

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? . . . . . <b>10a</b>		<input checked="" type="checkbox"/>
<b>b</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? . . . . . <b>10b</b>		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . <b>11a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . <b>12a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . <b>12b</b>	<input checked="" type="checkbox"/>	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . <b>12c</b>	<input checked="" type="checkbox"/>	
<b>13</b> Did the organization have a written whistleblower policy? . . . . . <b>13</b>	<input checked="" type="checkbox"/>	
<b>14</b> Did the organization have a written document retention and destruction policy? . . . . . <b>14</b>	<input checked="" type="checkbox"/>	
<b>15</b> 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?		
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . . <b>15a</b>	<input checked="" type="checkbox"/>	
<b>b</b> Other officers or key employees of the organization . . . . . <b>15b</b>	<input checked="" type="checkbox"/>	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . <b>16a</b>	<input checked="" type="checkbox"/>	
<b>b</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? . . . . . <b>16b</b>	<input checked="" type="checkbox"/>	

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed ► **OH**

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website    ☐ Another's website    ☒ Upon request    ☐ Other (explain in Schedule O)

**19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records: ►

Eugene A Thorn III, (330)364-0805

659 Boulevard, Dover, OH 44622

**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, and 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			
John R Herzig	4									
Board Member	0	✓						0	0	0
James J Pringle	4									
Board Member	0	✓						0	0	0
Anne E Geib Dorris	4									
Board Member	0	✓						0	0	0
Agnes Swigart	4									
Board Member	0	✓						0	0	0
Robert Horn	4									
Chairman	0	✓						0	0	0
Craig Laughlin	4									
Vice Chairman & Treasurer	0	✓						0	0	0
Lois E Andreas	4									
Board Member	0	✓						0	0	0
C Jason Deeds	4									
Board Member	0	✓						0	0	0
John E Dooling	4									
Board Member	0	✓						0	0	0
Perry L Hershberger	4									
Board Member	0	✓						0	0	0
James E Knisely	4									
Board Member	0	✓						0	0	0
Kevin Gray	4									
Board Member	0	✓						0	0	0
Pat Warther	4									
Board Member	0	✓						0	0	0
Michael W Soehnlen	4									
Medical Staff Vice President	0	✓						0	0	0



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

(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			
William V Swoger	4									
Medical Staff	0	✓						0	0	0
R Bruce James	40									
President and CEO & Secretary	0	✓		✓				400,342	0	27,866
Joseph N Zemis	40									
Medical Staff President Physician	0	✓						753,940	0	34,730
Chris Beck	40									
Vice President	0			✓				141,686	0	26,849
Eugene A Thorn III	40									
Vice President and CFO	0			✓				226,405	0	28,297
Darwin K Smith	40									
Vice President	0			✓				160,143	0	20,507
Diana L Boyd	40									
Vice President	0			✓				162,563	0	15,824
Todd A Meyerhoefer	40									
Vice President	0			✓				279,709	0	32,558
Robert Craig	40									
Vice President	0			✓				176,056	0	17,077
Alok Bhagat	40									
Physician	0					✓		322,196	0	21,506
Lindsay Moore	40									
Physician	0					✓		713,412	0	32,090
William Burgette	40									
Physician	0					✓		541,867	0	31,458
Robert Levitt	40									
Physician	0					✓		742,960	0	32,090
Thomas Teater	40									
Physician	0					✓		487,001	0	40,710

## Part VII

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

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

2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►	98
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**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		
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b> 0						
	<b>b</b>	Membership dues . . . . .	<b>1b</b> 0						
	<b>c</b>	Fundraising events . . . . .	<b>1c</b> 0						
	<b>d</b>	Related organizations . . . . .	<b>1d</b> 0						
	<b>e</b>	Government grants (contributions)	<b>1e</b> 0						
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b> 343,433						
	<b>g</b>	Noncash contributions included in lines 1a-1f: \$	0						
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .		343,433					
<b>Program Service Revenue</b>	<b>Business Code</b>								
	<b>2a</b>	Net patient revenue	622000	86,505,121	86,505,121	0	0		
	<b>b</b>	Laboratory services	621500	77,270	0	77,270	0		
	<b>c</b>	Income from taxable partnership	621999	86,084	0	86,084	0		
	<b>d</b>								
	<b>e</b>								
	<b>f</b>	All other program service revenue .		0	0	0	0		
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . .		86,668,475					
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . .		5,838,525	0	0	5,838,525		
	<b>4</b>	Income from investment of tax-exempt bond proceeds		0	0	0	0		
	<b>5</b>	Royalties . . . . .		0	0	0	0		
	<b>6a</b>	Gross rents . . . . .	(i) Real	(ii) Personal					
			903,023	0					
			<b>b</b>	Less: rental expenses	552,281	0			
			<b>c</b>	Rental income or (loss)	350,742	0			
	<b>d</b>	Net rental income or (loss) . . . . .		350,742	0	0	350,742		
	<b>7a</b>	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
			10,972,236	2,928,746					
			<b>b</b>	Less: cost or other basis and sales expenses . . . . .	11,328,904	2,964,907			
			<b>c</b>	Gain or (loss) . . . . .	-356,668	-36,161			
	<b>d</b>	Net gain or (loss) . . . . .		-392,829	0	0	-392,829		
	<b>8a</b>	Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18 . . . . .	<b>a</b>						
			<b>b</b>	Less: direct expenses . . . . .					
			<b>c</b>	Net income or (loss) from fundraising events . . . . .					
	<b>9a</b>	Gross income from gaming activities. See Part IV, line 19 . . . . .	<b>a</b>						
			<b>b</b>	Less: direct expenses . . . . .					
			<b>c</b>	Net income or (loss) from gaming activities . . . . .					
	<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>	21,929,866					
<b>b</b>			Less: cost of goods sold . . . . .	11,255,535					
<b>c</b>			Net income or (loss) from sales of inventory . . . . .	10,674,331	10,674,331	0	0		
<b>Miscellaneous Revenue</b>			<b>Business Code</b>						
<b>11a</b>	Other Income	900099	471,812	471,812	0	0			
<b>b</b>	Helpline	900099	124,753	124,753	0	0			
<b>c</b>	Contract Rebate	900099	378,580	378,580	0	0			
<b>d</b>	All other revenue . . . . .		3,325,684	3,325,684	0	0			
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .		4,300,829						
<b>12</b>	<b>Total revenue.</b> See instructions. . . . .		107,783,506	101,480,281	163,354	5,796,438			

**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
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .	0	0		
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .	0	0		
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .	0	0		
<b>4</b> Benefits paid to or for members . . . . .	0	0		
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .	5,108,280	3,561,377	1,546,903	0
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0	0	0	0
<b>7</b> Other salaries and wages . . . . .	40,823,013	33,480,980	7,342,033	0
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	2,513,939	2,061,806	452,133	0
<b>9</b> Other employee benefits . . . . .	5,598,518	4,591,623	1,006,895	0
<b>10</b> Payroll taxes . . . . .	4,037,874	3,288,450	749,424	0
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management . . . . .	0	0	0	0
<b>b</b> Legal . . . . .	922,775	0	922,775	0
<b>c</b> Accounting . . . . .	56,124	0	56,124	0
<b>d</b> Lobbying . . . . .	0	0	0	0
<b>e</b> Professional fundraising services. See Part IV, line 17 . . . . .	0			0
<b>f</b> Investment management fees . . . . .	0	0	0	0
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	22,321,263	18,130,659	4,190,604	0
<b>12</b> Advertising and promotion . . . . .	378,783	24,980	353,803	0
<b>13</b> Office expenses . . . . .	2,690,177	2,057,346	632,831	0
<b>14</b> Information technology . . . . .	1,710,510	1,402,874	307,636	0
<b>15</b> Royalties . . . . .	0	0	0	0
<b>16</b> Occupancy . . . . .	1,873,985	1,025,535	848,450	0
<b>17</b> Travel . . . . .	157,803	70,488	87,315	0
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0	0	0	0
<b>19</b> Conferences, conventions, and meetings . . . . .	51,913	14,842	37,071	0
<b>20</b> Interest . . . . .	1,567,946	938,886	629,060	0
<b>21</b> Payments to affiliates . . . . .	0	0	0	0
<b>22</b> Depreciation, depletion, and amortization . . . . .	5,425,474	3,144,447	2,281,027	0
<b>23</b> Insurance . . . . .	688,945	0	688,945	0
<b>24</b> 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.)				
<b>a</b> <u>Physician expense</u> . . . . .	628,381	0	628,381	0
<b>b</b> <u>medical supplies</u> . . . . .	6,603,936	5,885,941	717,995	0
<b>c</b> <u>Taxes</u> . . . . .	1,608,368	0	1,608,368	0
<b>d</b> <u>Employee expenses</u> . . . . .	308,823	27,231	281,592	0
<b>e</b> All other expenses . . . . .	670,732	120,375	550,357	0
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e . . . . .	105,747,562	79,827,840	25,919,722	0
<b>26</b> <b>Joint costs.</b> 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) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	3,064,182	<b>1</b>	3,085,721
	<b>2</b> Savings and temporary cash investments . . . . .	0	<b>2</b>	0
	<b>3</b> Pledges and grants receivable, net . . . . .	0	<b>3</b>	0
	<b>4</b> Accounts receivable, net . . . . .	15,838,590	<b>4</b>	17,512,236
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .	0	<b>5</b>	
	<b>6</b> 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 . . . . .	0	<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .	0	<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .	1,992,949	<b>8</b>	1,957,065
	<b>9</b> Prepaid expenses and deferred charges . . . . .	1,671,130	<b>9</b>	1,470,246
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b> 157,821,637		
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b> 98,001,538	<b>10c</b>	59,820,099
	<b>11</b> Investments—publicly traded securities . . . . .	40,955,920	<b>11</b>	41,903,195
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .	2,000,271	<b>12</b>	1,856,524
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .		<b>13</b>	
	<b>14</b> Intangible assets . . . . .	769,511	<b>14</b>	769,511
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	66,319,867	<b>15</b>	68,076,155
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	193,889,586	<b>16</b>	196,450,752	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	4,893,228	<b>17</b>	3,593,746
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .	45,060,000	<b>20</b>	45,030,000
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> 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 . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	634,355	<b>23</b>	76,785
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> 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 . . . . .	8,968,305	<b>25</b>	11,400,716
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	59,555,888	<b>26</b>	60,101,247
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	122,105,094	<b>27</b>	123,169,788
	<b>28</b> Temporarily restricted net assets . . . . .	335,314	<b>28</b>	284,167
	<b>29</b> Permanently restricted net assets . . . . .	11,893,290	<b>29</b>	12,895,550
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
	<b>33</b> <b>Total net assets or fund balances</b> . . . . .	134,333,698	<b>33</b>	136,349,505
	<b>34</b> <b>Total liabilities and net assets/fund balances</b> . . . . .	193,889,586	<b>34</b>	196,450,752

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	107,783,506
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	105,747,562
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	2,035,944
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	134,333,698
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	0
<b>6</b>	Donated services and use of facilities	<b>6</b>	0
<b>7</b>	Investment expenses	<b>7</b>	0
<b>8</b>	Prior period adjustments	<b>8</b>	0
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-20,137
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	136,349,505

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
<b>1</b> 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.		
<b>2a</b> 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		✓
<b>b</b> 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	✓	
<b>c</b> 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.	✓	
<b>3a</b> 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? . . . . .		✓
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

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.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization

The Union Hospital Association

Employer identification number

34-0714771

**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 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations
  - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

**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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> 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) . . . . .						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) . . . . .	<b>14</b>	%
<b>15</b> Public support percentage from 2016 Schedule A, Part II, line 14 . . . . .	<b>15</b>	%
<b>16a 33 1/3% support test—2017.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 33 1/3% support test—2016.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>17a 10%-facts-and-circumstances test—2017.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 10%-facts-and-circumstances test—2016.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . <input type="checkbox"/>		



**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> 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 . . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</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 . . . . .						
<b>c</b> Add lines 7a and 7b . . . . .						
<b>8 Public support.</b> (Subtract line 7c from line 6.) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>9</b> Amounts from line 6 . . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . . .						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f)) . . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2016 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2017</b> (line 10c, column (f) divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2016</b> Schedule A, Part III, line 17 . . . . .	<b>18</b>	%
<b>19a 33 1/3% support tests—2017.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 33 1/3% support tests—2016.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . . . <input type="checkbox"/>		

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in <b>Part VI</b> how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in <b>Part VI</b> when and how the organization made the determination.		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in <b>Part VI</b> what controls the organization put in place to ensure such use.		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in <b>Part VI</b> how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in <b>Part VI</b> , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in <b>Part VI</b> .		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in <b>Part VI</b> .		
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in <b>Part VI</b> .		
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.		
<b>b</b> Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
<b>b</b> A family member of a person described in (a) above?		
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in <b>Part VI</b> .		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in <b>Part VI</b> how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in <b>Part VI</b> how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in <b>Part VI</b> how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b>	<input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.	
<b>b</b>	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.	
<b>c</b>	<input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).	
<b>2</b> Activities Test. Answer (a) and (b) below.		
<b>a</b>	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in <b>Part VI</b> identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.	
<b>b</b>	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in <b>Part VI</b> the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.	
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.		
<b>a</b>	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in <b>Part VI</b> .	
<b>b</b>	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in <b>Part VI</b> the role played by the organization in this regard.	

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3.	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 <b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4).	8		
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d <b>Total</b> (add lines 1a, 1b, and 1c)	1d		
e <b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d.	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035.	6		
7 Recoveries of prior-year distributions	7		
8 <b>Minimum Asset Amount</b> (add line 7 to line 6)	8		
Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1.	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3.	4		
5 Income tax imposed in prior year	5		
6 <b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6		
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).			



**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

<b>Section D - Distributions</b>		<b>Current Year</b>	
<b>1</b>	Amounts paid to supported organizations to accomplish exempt purposes		
<b>2</b>	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity		
<b>3</b>	Administrative expenses paid to accomplish exempt purposes of supported organizations		
<b>4</b>	Amounts paid to acquire exempt-use assets		
<b>5</b>	Qualified set-aside amounts (prior IRS approval required)		
<b>6</b>	Other distributions (describe in <b>Part VI</b> ). See instructions.		
<b>7</b>	<b>Total annual distributions.</b> Add lines 1 through 6.		
<b>8</b>	Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.		
<b>9</b>	Distributable amount for 2017 from Section C, line 6		
<b>10</b>	Line 8 amount divided by line 9 amount		

  

<b>Section E - Distribution Allocations (see instructions)</b>	<b>(i) Excess Distributions</b>	<b>(ii) Underdistributions Pre-2017</b>	<b>(iii) Distributable Amount for 2017</b>
<b>1</b> Distributable amount for 2017 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2017 (reasonable cause required—explain in <b>Part VI</b> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2017			
<b>a</b>			
<b>b</b> From 2013 . . . . .			
<b>c</b> From 2014 . . . . .			
<b>d</b> From 2015 . . . . .			
<b>e</b> From 2016 . . . . .			
<b>f</b> Total of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2017 distributable amount			
<b>i</b> Carryover from 2012 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2017 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2017 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4.			
<b>5</b> Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b> Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7</b> Excess distributions carryover to 2018. Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2013 . . . . .			
<b>b</b> Excess from 2014 . . . . .			
<b>c</b> Excess from 2015 . . . . .			
<b>d</b> Excess from 2016 . . . . .			
<b>e</b> Excess from 2017 . . . . .			

## Part VI

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

**Schedule of Contributors**

OMB No. 1545-0047

**2017**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

Name of the organization

The Union Hospital Association

Employer identification number

34-0714771

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)( 3 ) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust not treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization

Employer identification number

The Union Hospital Association

34-0714771

**Part I** Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ 91,557	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ 264,813	Person <input type="checkbox"/> Payroll <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ 83,070	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ 218,577	Person <input type="checkbox"/> Payroll <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>The Union Hospital Association</b>	Employer identification number <b>34-0714771</b>
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**Part I** Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		\$ 34,153	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8		\$ 253,147	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9		\$ 20,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10		\$ 5,046	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)



Name of organization

The Union Hospital Association

Employer identification number

34-0714771

**Part II** **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----
-----	----- ----- ----- -----	\$-----	-----

Name of organization

Employer identification number

The Union Hospital Association

34-0714771

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
-----			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

**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.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

**If the organization answered "Yes," on 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," on 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," on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then**

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

Name of organization

The Union Hospital Association

Employer identification number

34-0714771

**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. (see instructions for definition of "political campaign activities")
- 2 Political campaign activity expenditures (see instructions) ▶ \$
- 3 Volunteer hours for political campaign activities (see instructions)

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

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

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

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

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

**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.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b>	Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .														
<b>b</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .														
<b>c</b>	Total lobbying expenditures (add lines 1a and 1b) . . . . .														
<b>d</b>	Other exempt purpose expenditures . . . . .														
<b>e</b>	Total exempt purpose expenditures (add lines 1c and 1d) . . . . .														
<b>f</b>	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
<b>g</b>	Grassroots nontaxable amount (enter 25% of line 1f) . . . . .														
<b>h</b>	Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .														
<b>i</b>	Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .														
<b>j</b>	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? . . . . .														

☐ Yes ☐ 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 separate instructions for lines 2a through 2f.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> 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 on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> 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:			
<b>a</b> Volunteers?		✓	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
<b>c</b> Media advertisements?		✓	
<b>d</b> Mailings to members, legislators, or the public?		✓	
<b>e</b> Publications, or published or broadcast statements?		✓	
<b>f</b> Grants to other organizations for lobbying purposes?		✓	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
<b>i</b> Other activities?	✓		7,517
<b>j</b> Total. Add lines 1c through 1i			7,517
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> Did the organization agree to carry over lobbying and political campaign activity 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."

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> 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	
<b>5</b> 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, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

Schedule C, Part II-B, Line 1 - Union Hospital Association pays annual dues to Ohio Hospital Association and American Hospital Association. 4.3% of OHA dues and 22.98% of AHA dues are for lobbying expenses.



**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes" on Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization

The Union Hospital Association

Employer identification number

34-0714771

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

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

**Part II Conservation Easements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply). <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of a historically important land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> 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.	<b>Held at the End of the Tax Year</b>
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register . . . . .	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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)? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> 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" on 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) Revenue included on 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 Revenue included on Form 990, Part VIII, line 1 . . . . . ▶ \$ b Assets included in Form 990, Part X . . . . . ▶ \$	

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

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

- a** ☐ Public exhibition  
**b** ☐ Scholarly research  
**c** ☐ Preservation for future generations  
**d** ☐ Loan or exchange programs  
**e** ☐ Other \_\_\_\_\_

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

**5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" on 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
<b>c</b> Beginning balance	<b>1c</b>
<b>d</b> Additions during the year	<b>1d</b>
<b>e</b> Distributions during the year	<b>1e</b>
<b>f</b> Ending balance	<b>1f</b>

**2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

**Part V Endowment Funds.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

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

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

- a** Board designated or quasi-endowment ▶ \_\_\_\_\_ %  
**b** Permanent endowment ▶ \_\_\_\_\_ %  
**c** Temporarily restricted endowment ▶ \_\_\_\_\_ %

The percentages on 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:

	Yes	No
<b>(i)</b> unrelated organizations	<b>3a(i)</b>	
<b>(ii)</b> related organizations	<b>3a(ii)</b>	

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

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on 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
<b>1a</b> Land	0	1,105,252		1,105,252
<b>b</b> Buildings	0	72,443,363	30,796,927	41,646,436
<b>c</b> Leasehold improvements	0	2,790,166	2,511,154	279,012
<b>d</b> Equipment	0	81,173,980	64,693,457	16,480,523
<b>e</b> Other	0	308,876	0	308,876
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				59,820,099

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Asset whose use is limited by donor specification	73,735
(2) Assets held by trustees under bond indenture	138
(3) Trust agreements	12,895,550
(4) Other receivable	53,437,403
(5) Interest in Joint Venture	1,459,398
(6) Contribution receivable	209,931
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	68,076,155

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	0
(2) Interest Payable	72,207
(3) Workers compensation payable	174,944
(4) Interest rate swap agreements	3,450,923
(5) Accrued payroll withholdings	5,879,169
(6) Other Payables	1,823,473
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	11,400,716

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

**Part XI      Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

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

<b>Part XII</b>	<b>Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.</b>
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Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

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

**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.

Schedule D, Part X, Line 2 - Federal Income Taxes The Association is organized as a tax-exempt organization under Section 501(c)(3) of the United States Internal Revenue Code. UPS and UHMS are limited liability companies whereby income is passed through to the Association as the sole member of each of these companies. TASC is also a limited liability company. Therefore, income or loss is reported to its members for inclusion in its respective tax return. The Association recorded no provision for federal and state income tax in the consolidated financial statements due to its tax-exempt status. TASC has filed their federal and state income tax returns for periods through December 31, 2016. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if an uncertain position has been taken 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 these entities, and has concluded that as of December 31, 2017 and 2016, 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 entities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.



**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2017**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

- **Complete** if the organization answered "Yes" on Form 990, Part IV, question 20.  
► **Attach to Form 990.**  
► **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990)** for instructions and the latest information.

Name of the organization

The Union Hospital Association

Employer identification number

34

0714771

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . .	✓	
<b>b</b> If "Yes," was it a written policy? . . .	✓	
<b>2</b> 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		
<b>3</b> 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.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	✓	
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	✓	
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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.		
<b>4</b> 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"? . . .	✓	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	✓	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . .	✓	
<b>c</b> 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? . . .		✓
<b>6a</b> Did the organization prepare a community benefit report during the tax year? . . .		✓
<b>b</b> If "Yes," did the organization make it available to the public? . . .		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(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
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .			1,717,500	0	1,717,500	1.62%
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .			17,066,511	7,290,472	9,776,039	9%
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d</b> <b>Total</b> Financial Assistance and Means-Tested Government Programs	0	0	18,784,011	7,290,472	11,493,539	10.62%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			252,379	135,864	116,515	0%
<b>f</b> Health professions education (from Worksheet 5) . . . . .		0	0	0	0	0%
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .		0	0	0	0	0%
<b>h</b> Research (from Worksheet 7) . . . . .		0	0	0	0	0%
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	0	0	71,238	0	71,238	0%
<b>j</b> <b>Total</b> Other Benefits . . . . .	0	0	323,617	135,864	187,753	0%
<b>k</b> <b>Total.</b> Add lines 7d and 7j . . . . .	0	0	19,107,628	7,426,336	11,681,292	10.62%



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

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

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	✓	
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	5,737,068	
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	25,817	
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	29,951,687
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	24,017,055
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	5,934,632
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:		
<input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year? . . . . .	9a	✓	
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	✓	

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians – see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 Tuscarawas Ambulatory Surge	ambulatory surgery center	70%	0%	30%
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

**Part V Facility Information****Section A. Hospital Facilities**

(list in order of size, from largest to smallest – see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

1 The Union Hospital Association  
659 Boulevard  
Dover, OH, 44622  
www.unionhospital.org

2345678910

Licensed hospital

General medical &amp; surgical

Children's hospital

Teaching hospital

Critical access hospital

Research facility

ER-24 hours

ER-other

Other (describe)

Facility reporting group

✓

✓

✓

**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)

Name of hospital facility or letter of facility reporting group The Union Hospital AssociationLine number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1**Community Health Needs Assessment**

- 1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year? . . . . .
- 2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C . . . . .
- 3 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 12 . . . . .
- If "Yes," indicate what the CHNA report describes (check all that apply):
- a ☒ A definition of the community served by the hospital facility
- b ☒ Demographics of the community
- c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d ☒ How data was obtained
- e ☒ The significant health needs of the community
- f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h ☒ The process for consulting with persons representing the community's interests
- i ☒ The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)
- j ☐ Other (describe in Section C)
- 4 Indicate the tax year the hospital facility last conducted a CHNA: 20 15
- 5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .
- 6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .
- b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C . . . . .
- 7 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):
- a ☒ Hospital facility's website (list url): www.unionhospital.org
- b ☐ Other website (list url): \_\_\_\_\_
- c ☒ Made a paper copy available for public inspection without charge at the hospital facility
- d ☐ Other (describe in Section C)
- 8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 . . . . .
- 9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 16
- 10 Is the hospital facility's most recently adopted implementation strategy posted on a website? . . . . .
- a If "Yes," (list url): www.unionhospital.org
- b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? . . . . .
- 11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.
- 12a 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 If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .
- c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

Yes No

	Yes	No
1		✓
2		✓
3	✓	
4		
5	✓	
6a	✓	
6b	✓	
7	✓	
8	✓	
10	✓	
10b		✓
12a		✓
12b		

**Part V Facility Information** (continued)**Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group Facility: 1-The Union Hospital Association

- Did the hospital facility have in place during the tax year a written financial assistance policy that:
- 13** Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? **13** ☒ Yes ☐ No
- If "Yes," indicate the eligibility criteria explained in the FAP:

- a** ☒ Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 100 % and FPG family income limit for eligibility for discounted care of 200 %
- b** ☒ Income level other than FPG (describe in Section C)
- c** ☒ Asset level
- d** ☐ Medical indigency
- e** ☒ Insurance status
- f** ☐ Underinsurance status
- g** ☐ Residency
- h** ☐ Other (describe in Section C)

- 14** Explained the basis for calculating amounts charged to patients? **14** ☒ Yes ☐ No

- 15** Explained the method for applying for financial assistance? **15** ☒ Yes ☐ No
- If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):

- a** ☒ Described the information the hospital facility may require an individual to provide as part of his or her application
- b** ☒ Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application
- c** ☒ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process
- d** ☐ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications
- e** ☐ Other (describe in Section C)

- 16** Was widely publicized within the community served by the hospital facility? **16** ☒ Yes ☐ No
- If "Yes," indicate how the hospital facility publicized the policy (check all that apply):

- a** ☒ The FAP was widely available on a website (list url): www.unionhospital.org
- b** ☒ The FAP application form was widely available on a website (list url): www.unionhospital.org
- c** ☒ A plain language summary of the FAP was widely available on a website (list url): www.unionhospital.org
- d** ☒ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)
- e** ☒ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)
- f** ☒ A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)
- g** ☒ Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention
- h** ☒ Notified members of the community who are most likely to require financial assistance about availability of the FAP
- i** ☒ The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations
- j** ☐ Other (describe in Section C)

**Part V Facility Information** *(continued)***Billing and Collections**Name of hospital facility or letter of facility reporting group Facility: 1-The Union Hospital Association

	Yes	No
17 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 all of the actions the hospital facility or other authorized party may take upon nonpayment?	17 ✓	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized 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?	19	✓
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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?	21	✓
If "No," indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d <input type="checkbox"/> Other (describe in Section C)		



**Part V** Facility Information *(continued)***Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**Name of hospital facility or letter of facility reporting group Facility: 1-The Union Hospital Association

	Yes	No
<b>22</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.		
a <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b <input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d <input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
<b>23</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? . . . . .	<b>23</b>	✓
If "Yes," explain in Section C.		
<b>24</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? . . . . .	<b>24</b>	✓
If "Yes," explain in Section C.		

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

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Schedule H, Part V, Section B, Line 5-The Union Hospital Association - The Hospital's panel includes local family physicians, dentists, mental health and addiction counselors from the ADAMHS Board, Local YMCA leaders, and hospital leaders, . The panel met multiple times to discuss health concerns in the community. Once the concerns were identified they were ranked by impact on the community's health and the ability to address the concerns.

Schedule H, Part V, Section B, Line 6a-The Union Hospital Association - The community health needs assessment was conducted with Trinity Twin City Hospital, an unrelated facility.

Schedule H, Part V, Section B, Line 6b-The Union Hospital Association - Healthy Tusc, Tuscarawas County Health Department, New Philadelphia Health Department, ADAMHS Board, Tuscarawas County Senior Center, United Way of Tuscarawas County

Schedule H, Part V, Section B, Line 11-The Union Hospital Association - the Union Hospital Association's ("Union") Community Health Needs Assessment ("CHNA") identified Adult and Youth Obesity, Adult and Youth Mental Health and Bullying, Youth Substance Abuse and Access to Dental Care as the community top health needs. Union's implementation strategy for addressing these need can be summarized as follows: Decrease Obesity 1) by incorporating Ohio Hospital Association health eating guidelines into Union's existing nutrition outreach program 2) Extend Union's Community Health and Wellness program through collaboration with community partners. The program includes blood screening events. Mental Health and Bullying - Union's Behavioral Health Center continues to leverage its efforts through the use of social workers and supports school based programs to stop bullying. Such support includes credentialed personnel working with these programs. Decrease Substance Abuse - Union provides a smoking cessation program with a certified tobacco specialist. Union does not any other specific substance abuse programs but does refer those in need to area providers specializing in such assistance. Union does not have a dental program but does support area providers specializing in such assistance.

Schedule H, Part V, Section B, Line 13h-The Union Hospital Association - The policy lists criteria for all charges.

**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? 6

Name and address	Type of Facility (describe)
<b>1</b> Tuscarawas Ambulatory Surgery Center 320 Oxford Street Dover, OH, 44622	Ambulatory surgery center
<b>2</b> Tuscarawas Valley Regional Cancer Center 659 Boulevard Dover, OH, 44622	Physician oncology center
<b>3</b> Union Physician Services LLC 300 Medical Park Drive, Suite 101 C Dover, OH, 44622	Physician offices
<b>4</b> DASCO UH Home Medical Equipment LLC 375 North West Street Westerville, OH, 43082	Home medical equipment sales
<b>5</b> UHMS LLC, Union Hospital Medical Services LLC 659 Boulevard Dover, OH, 44622	Physician offices
<b>6</b> Union Pharmacy Care 659 Boulevard Dover, OH, 44622	Pharmaceutical
<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.

Schedule H, Part I, Line 7 - Used the ratio of patient cost to charge from Worksheet 2 to calculate charity care.

Schedule H, Part III, Section A, Line 4 - Patient accounts are due in full when billed. Accounts are considered delinquent and subsequently written off a bad debt based on individual credit evaluations and circumstances of the account. Line 2 represents 2.3% of gross patient revenue as seen as being uncollectible by self pay patients based on historical trending. A bad debt expense footnote is not presented in the Notes to the Financial Statements.

Schedule H, Part III, Section B, Line 8 - Amounts are generated by the Medicare cost report which utilizes department cost to charge methodology.

Schedule H, Part III, Section C, Line 9b - The Hospital refunds any monies collected on accounts deemed charity or that qualifies for financial assistance once the assessment has been determined. The account is then written off to such classification and any or all collections cease after determination has been made.

Schedule H, Part VI, Line 2 - The Hospital's community wellness department is committed to addressing the health assessments and concerns of our community by seeking valuable insight from members and organizations of the community. The department compiled the data by utilizing secondary sources such as the CDC and Ohio obesity prevention. We have identified obesity (youth and adult), mental health and bullying (adult and youth), youth substance abuse, and access to dental care.

Schedule H, Part VI, Line 3 - Patients are given informational booklets that contain patient account contact information, accepted insurances and other payment options for the insured and underinsured upon admission. The Hospital also employs a financial specialist who meets with the patient and or family to discuss factor of qualifying information. Financial assistance is provided with the first billing.

Schedule H, Part VI, Line 4 - Union Hospital considers its community served as Tuscarawas County.

Schedule H, Part VI, Line 5 - Union Hospital's board is made up of 17 members with 16 being independent and members of the community. Their backgrounds vastly vary from each other and are a representation of the community. The Hospital's senior management team and its governing board members sit on various other boards with in the community to help bridge the gap between the Hospital and its community served. The Hospital is bound by law to reinvest any surplus back into the community.



**SCHEDULE J**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Compensation Information**

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

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Employer identification number

The Union Hospital Association

34-0714771

**Part I Questions Regarding Compensation**

	Yes	No
<b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef)		
<b>b</b> If any of the boxes on 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.	<b>1b</b>	
<b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	<b>2</b>	
<b>3</b> 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. <input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee		
<b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
<b>a</b> Receive a severance payment or change-of-control payment?	<b>4a</b>	✓
<b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?	<b>4b</b>	✓
<b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement?	<b>4c</b>	✓
If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.		
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.</b>		
<b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
<b>a</b> The organization?	<b>5a</b>	✓
<b>b</b> Any related organization?	<b>5b</b>	✓
If "Yes" on line 5a or 5b, describe in Part III.		
<b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
<b>a</b> The organization?	<b>6a</b>	✓
<b>b</b> Any related organization?	<b>6b</b>	✓
If "Yes" on line 6a or 6b, describe in Part III.		
<b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III.	<b>7</b>	✓
<b>8</b> Were any amounts reported on 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.	<b>8</b>	✓
<b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	<b>9</b>	



**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 on 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 aren't 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 in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	R Bruce James, President and CEO	(i) 350,241	(ii) 50,101	(iii) 0	15,000	12,866	428,208	0
		(ii) 0	0	0	0	0	0	0
2	Chris Beck, Vice President	(i) 136,224	(ii) 5,461	(iii) 0	7,431	19,418	168,534	0
		(ii) 0	0	0	0	0	0	0
3	Eugene A Thorn III, Vice President and CFO	(i) 205,901	(ii) 20,504	(iii) 0	12,912	15,386	254,703	0
		(ii) 0	0	0	0	0	0	0
4	Darwin K Smith, Vice President	(i) 146,339	(ii) 13,804	(iii) 0	9,072	11,436	180,651	0
		(ii) 0	0	0	0	0	0	0
5	Diana L Boyd, Vice President	(i) 147,855	(ii) 14,707	(iii) 0	9,168	6,657	178,387	0
		(ii) 0	0	0	0	0	0	0
6	Todd A Meyerhoefer, Vice President	(i) 253,948	(ii) 25,761	(iii) 0	15,000	17,558	312,267	0
		(ii) 0	0	0	0	0	0	0
7	Robert Craig, Vice President	(i) 160,406	(ii) 15,650	(iii) 0	9,623	7,454	193,133	0
		(ii) 0	0	0	0	0	0	0
8	Alok Bhagat, Physician	(i) 322,195	(ii) 0	(iii) 0	15,000	6,506	343,701	0
		(ii) 0	0	0	0	0	0	0
9	Lindsay Moore, Physician	(i) 497,261	(ii) 216,151	(iii) 0	15,000	17,090	745,502	0
		(ii) 0	0	0	0	0	0	0
10	William Burgette, Physician	(i) 541,867	(ii) 0	(iii) 0	15,000	16,458	573,325	0
		(ii) 0	0	0	0	0	0	0
11	Robert Levitt, Physician	(i) 699,344	(ii) 43,616	(iii) 0	15,000	17,090	775,050	0
		(ii) 0	0	0	0	0	0	0
12	Joseph N Zemis, Medical Staff President Physician	(i) 582,799	(ii) 171,141	(iii) 0	15,000	19,730	788,670	0
		(ii) 0	0	0	0	0	0	0
13	Thomas Teater, Physician	(i) 468,839	(ii) 18,162	(iii) 0	32,250	26,460	545,711	0
		(ii) 0	0	0	0	0	0	0
14		(i)						
		(ii)						
15		(i)						
		(ii)						
16		(i)						
		(ii)						

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.

[illegible]

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information on Tax-Exempt Bonds**

- Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
► Attach to Form 990.  
► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization

The Union Hospital Association

Employer identification number

34-0714771

**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) Pooled financing	
						Yes	No	Yes	No	Yes	No
Tuscarawas County Ohio	34-6002853		09/24/2014	45,060,000	ED project and refinancing arrangements						
<b>A</b>							✓	✓			✓
<b>B</b>											
<b>C</b>											
<b>D</b>											

**Part II Proceeds**

		A		B		C		D	
1	Amount of bonds retired . . . . .		0						
2	Amount of bonds legally defeased . . . . .		25,707,957						
3	Total proceeds of issue . . . . .		45,060,000						
4	Gross proceeds in reserve funds . . . . .		0						
5	Capitalized interest from proceeds . . . . .		950,217						
6	Proceeds in refunding escrows . . . . .		0						
7	Issuance costs from proceeds . . . . .		0						
8	Credit enhancement from proceeds . . . . .		0						
9	Working capital expenditures from proceeds . . . . .		250,153						
10	Capital expenditures from proceeds . . . . .		0						
11	Other spent proceeds . . . . .		0						
12	Other unspent proceeds . . . . .		0						
13	Year of substantial completion . . . . .		2014						
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue? . . . . .		✓						
15	Were the bonds issued as part of an advance refunding issue? . . . . .	✓							
16	Has the final allocation of proceeds been made? . . . . .	✓							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds? . . . . .	✓							

**Part III Private Business Use**

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

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property? . . . . .		✓						
<b>b</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?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? . . . . .		✓						
<b>d</b> 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?								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government . . . ▶		0 %		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . . . ▶		0 %		%		%		%
<b>6</b> Total of lines 4 and 5 . . . . .		0 %		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test? . . . . .		✓						
<b>8a</b> 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?		✓						
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of . . . . .		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? . . . . .								
<b>9</b> 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? . . . . .	✓							

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate? . . . . .	✓							
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet? . . . . .								
<b>b</b> Exception to rebate? . . . . .								
<b>c</b> No rebate due? . . . . .								
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed . . . . .								
<b>3</b> Is the bond issue a variable rate issue? . . . . .	✓							
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? . . . . .	✓							
<b>b</b> Name of provider . . . . .	RBS Citizens NA							
<b>c</b> Term of hedge . . . . .	32							
<b>d</b> Was the hedge superintegrated? . . . . .		✓						
<b>e</b> Was the hedge terminated? . . . . .		✓						

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

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 isn't available under applicable regulations?	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No

[illegible]



**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 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization

The Union Hospital Association

Employer identification number

34-0714771

Form 990, Part VI, Section A, Line 6 - The Association has a 17 member board of trustees who oversee the management of the hospital. All monthly financial reporting is presented to the board of trustees. The trustees also oversee the hiring of any upper management and the approval of all operating and capital budgets.

Form 990, Part VI, Section B, Line 11b - The 990 is prepared internally by the Director of Accounting; the ledger is reconciled to the appropriate schedules on the return and to the audited financial statements. It is then forwarded to the Chief Financial Officer who reviews it for completeness and accuracy. After his review it is then submitted to the board of trustees for review. The Association's independent accounting firm also reviews the 990 before submission.

Form 990, Part VI, Section B, Line 12c - Members of the board and officers are required annually to review the conflict of interest policy and make known any conflicts that may have arose or any other event that may require disclosure. If any notable event is disclosed it is reported to the Hospital CEO and Chairman of the Board. Additionally all financial transactions are reviewed through the Hospital's accounting systems.

Form 990, Part VI, Section B, Line 15 - Compensation is established and based on the appropriate healthcare industry standards and related surveys. Compensation amounts for key management positions are reviewed by the Executive Committee of the Board.

Form 990, Part VI, Section C, Line 19 - The public at any time during normal business office hours may inquire at the administrative offices of the Association and ask for a copy of the 990. The public may view the community benefit report and the annual report on the Hospital's website.

Form 990, Part IX, Line 11g - professional fees for medical services, contract labor for medical and support services, and maintenance agreements

Form 990, Part XI, Line 9 - Reclassification of net assets released from restriction.



Reasonable Cause Explanations

Explanation

To file an accurate return

**Second Program Service Accomplishments Description****Description**

to promote healthy athletes and a safe sports environment. They also work with local physicians to provide low cost physicals for these athletes. Since the Hospital doesn't provide a full array of mental health services as part of its normal operations, we lease building space to a mental health nonprofit organization at a cost well below the average market rate. Thus, the rental and related in kind support provided by the Hospital are justified in continuance of our mission. The Hospital is dedicated to helping members of the community that are in need of low cost medical services by working with a couple of local charities and agencies. One program, called the Rainbow Connection, is a nonprofit charity that is dedicated to emitting the needs of the disadvantaged and disabled residents of Tuscarawas County. The Hospital writes off 50% of charges for these patients while the program pays the remaining 50% of the charges. For the other program, Hospice of Tuscarawas County, which is dedicated in providing comfort care to patients throughout the end stages of life; the Hospital writes off specified charges for patients in this program. In 2017 we wrote off \$113,229 for 229 patient accounts for both of these programs. The Hospital is dependent on its volunteer network; in 2017 we had 154 volunteers donate 21,076 hours toward the common purpose of serving health care needs of the community. The value of these hours (\$221,298) is returned to the community through lower cost of patient services.

**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.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization

The Union Hospital Association

Employer identification number

34-0714771

**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) Union Hospital Medical Services Ilc (27-0273520) 659 Boulevard, Dover, OH 44622	Physician offices	OH	348,877	104,558	Union Hospital Association
(2) Union Physician Services Ilc (26-4215547) 659 Boulevard, Dover, OH 44622	Physician office	OH	12,534,150	3,937,149	Union Hospital Association
(3)					
(4)					
(5)					
(6)					

**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) Tuscarawas Valley Regional Cancer Center (34-0000100) 659 Boulevard, Dover, OH 44622	Physician and Hospital Organization	OH	501c3	3	N/A		✓
(2) Union Hospital Auxillary (34-1204928) 659 Boulevard, Dover, OH 44622	Fundraising for the Hospital	OH	501c3	11-III-FI	N/A		✓
(3)							
(4)							
(5)							
(6)							
(7)							

**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) Tuscarawas Ambulatory Surg 320 Oxford St, Dover, OH 44622	Ambulatory surgery center	OH	N/A	Related	684,772	1,623,545		✓	0		✓	70%
(2) Dasco Union Hospital Home N 375 N West St, Westerville, OH 43	Durable medical equipment sales	OH	N/A	Unrelated	86,369	312,431		✓	86,084		✓	50%
(3)												
(4)												
(5)												
(6)												
(7)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) Valley Healthcare Inc (34-1654921) 659 Boulevard, Dover, OH 44622	Inactive	OH	N/A	C	0	0	100%	✓	
(2) Union Care Corporation (34-1556177) 659 Boulevard, Dover, OH 44622	Inactive	OH	N/A	C	0	0	100%	✓	
(3) Union Pharmaceutical Care (04-3588229) 659 Boulevard, Dover, OH 44622	Retail pharmacy sales	OH	N/A	C	-48,485	24,990	100%	✓	
(4)									
(5)									
(6)									
(7)									

**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?

	Yes	No
<b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Gift, grant, or capital contribution to related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>c</b> Gift, grant, or capital contribution from related organization(s) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>d</b> Loans or loan guarantees to or for related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>e</b> Loans or loan guarantees by related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>f</b> Dividends from related organization(s) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>g</b> Sale of assets to related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>h</b> Purchase of assets from related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>i</b> Exchange of assets with related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>o</b> Sharing of paid employees with related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>p</b> Reimbursement paid to related organization(s) for expenses . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>q</b> Reimbursement paid by related organization(s) for expenses . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>r</b> Other transfer of cash or property to related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>s</b> Other transfer of cash or property from related organization(s) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
See Schedule R, Part VII, Statement 1			
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			



**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

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.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(e) Are all partners section 501(c)(3) organizations?		(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		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
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(13)													
(14)													
(15)													
(16)													

## Part VII

### Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

## Description of Covered Relationships and Transaction Thresholds

		Amt. Involved
<b>Name</b>	Dasco Union Hospital Home Medical Equipment LLC	80,000
<b>Transaction type</b>	s	
<b>Method of determining amt. involved</b>	Distribution received from DASCO	
<b>Name</b>	Tuscarawas Ambulatory Surgery Center LLC	723,135
<b>Transaction type</b>	s	
<b>Method of determining amt. involved</b>	Distribution received from TASC	
<b>Name</b>	Tuscarawas Valley Regional Cancer Center	600,000
<b>Transaction type</b>	f	
<b>Method of determining amt. involved</b>	Distribution of monies received from TVRCC	
<b>Name</b>	Union Hospital Auxillary	253,147
<b>Transaction type</b>	c	
<b>Method of determining amt. involved</b>	Annual donation	
<b>Name</b>	Tuscarawas Ambulatory Surgery Center LLC	400,505
<b>Transaction type</b>	a-iv	
<b>Method of determining amt. involved</b>	Rent received from TASC	
<b>Name</b>	Tuscarawas Ambulatory Surgery Center LLC	400,505
<b>Transaction type</b>	j	
<b>Method of determining amt. involved</b>	Rent received for leased building	
<b>Name</b>	Dasco Union Hospital Home Medical Equipment LLC	13,600
<b>Transaction type</b>	a-iv	
<b>Method of determining amt. involved</b>	Rent received	
<b>Name</b>	Dasco Union Hospital Home Medical Equipment LLC	13,600
<b>Transaction type</b>	j	
<b>Method of determining amt. involved</b>	Rent received for leased property	

# **THE UNION HOSPITAL ASSOCIATION**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

*CPA'S ADVISORS*



# THE UNION HOSPITAL ASSOCIATION

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blueandco.com

## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
The Union Hospital Association  
Dover, Ohio

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Union Hospital Association (the "Association"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, 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.

### 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

To the Board of Trustees  
The Union Hospital Association  
Dover, Ohio

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 Association as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



April 9, 2018  
Columbus, Ohio

# THE UNION HOSPITAL ASSOCIATION

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016

<b>ASSETS</b>		
	2017	2016
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,548,437	\$ 1,867,225
Assets limited as to use - current	153,106	596,685
Patient accounts receivable, net of allowance for doubtful accounts of \$4,648,647 and \$5,464,099 in 2017 and 2016, respectively	18,948,729	17,404,431
Contributions receivable - current	209,932	100,881
Other receivables	1,064,741	2,550,680
Inventories	2,052,494	2,092,961
Prepaid expenses and other	1,676,422	1,841,186
Total current assets	26,653,861	26,454,049
<b>Assets limited as to use</b>		
Board designated for capital improvements	409,689	562,793
Donor restricted	73,735	54,988
Held by trustee under bond indenture	138	3,463,306
Held by trustee under swap collateralization requirements	1,779,000	2,301,000
Total assets limited as to use	2,262,562	6,382,087
Less amounts required to meet current obligations	(153,106)	(596,685)
Total long-term assets limited as to use	2,109,456	5,785,402
<b>Long-term investments</b>	41,493,507	40,393,128
<b>Property and equipment, net</b>		
Land and land improvements	3,918,367	3,749,403
Buildings and leasehold improvements	73,163,054	72,940,004
Equipment	63,105,391	62,509,248
Furniture and fixtures	22,566,604	20,940,789
Construction in progress	308,876	220,118
	163,062,292	160,359,562
Less accumulated depreciation	(101,476,961)	(97,347,565)
Total property and equipment, net	61,585,331	63,011,997
<b>Other assets</b>		
Contributions receivable	-	179,445
Other receivables	1,664,335	1,478,118
Interest in net assets of Tuscarawas Valley Regional Cancer Center	1,459,399	1,479,711
Other investments	348,536	553,873
Beneficial interest in perpetual trusts	12,895,550	11,893,290
Goodwill	769,511	769,511
Total other assets	17,137,331	16,353,948
Total assets	\$ 148,979,486	\$ 151,998,524

*See accompanying notes to consolidated financial statements.*

# THE UNION HOSPITAL ASSOCIATION

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016

### LIABILITIES AND NET ASSETS

	2017	2016
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 956,785	\$ 976,631
Accounts payable and accrued expenses	4,482,864	3,894,355
Wages, withholdings and payroll taxes	4,928,400	4,950,230
Third-party liabilities	1,718,714	-
Estimated self-insurance health costs	1,268,709	1,459,168
Other	164,873	175,884
Total current liabilities	13,520,345	11,456,268
<b>Other liabilities</b>		
Long-term debt, less current portion	43,773,591	44,717,724
Interest rate swap agreements	3,450,923	3,867,071
Other long-term obligations	203,953	216,686
Total other liabilities	47,428,467	48,801,481
Total liabilities	60,948,812	60,257,749
<b>Net assets</b>		
Unrestricted:		
Controlling interest	74,205,176	78,852,259
Non-controlling interest	646,281	659,912
Total unrestricted net assets	74,851,457	79,512,171
Temporarily restricted	283,667	335,314
Permanently restricted	12,895,550	11,893,290
Total net assets	88,030,674	91,740,775
Total liabilities and net assets	\$ 148,979,486	\$ 151,998,524

*See accompanying notes to consolidated financial statements.*

# THE UNION HOSPITAL ASSOCIATION

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<b>Operating revenue</b>		
Net patient service revenue	\$ 130,908,673	\$ 132,331,950
Less: provisions for bad debts	(6,226,383)	(6,115,467)
Net patient service revenue less provision for bad debts	124,682,290	126,216,483
Cafeteria	828,059	916,851
Rent	406,109	326,669
Other	5,200,135	4,382,927
Total operating revenue	131,116,593	131,842,930
<b>Operating expenses</b>		
Salaries and wages	50,398,477	50,922,271
Employee benefits and payroll taxes	12,559,211	11,709,388
Supplies	17,162,463	18,488,227
Purchased services and professional fees	40,664,701	41,194,602
Medical malpractice costs	642,037	599,991
Hospital franchise fee	1,647,268	1,606,507
Depreciation	6,234,474	5,911,522
Interest and amortization	1,580,598	1,403,596
Other	8,638,421	7,421,749
Total operating expenses	139,527,650	139,257,853
Loss from operations	(8,411,057)	(7,414,923)
<b>Nonoperating gains (losses)</b>		
Contributions received and other	53,539	30,990
Investment return	2,777,582	1,719,771
Gain (loss) on investment in equity investees	(125,337)	154,864
Loss on disposal of equipment	(52,126)	(1,709)
Change in interest in net assets of Tuscarawas Valley Regional Cancer Center	579,689	558,116
Change in fair value of interest rate swap agreements	343,423	510,050
Total nonoperating gains	3,576,770	2,972,082
<b>Deficiency of revenues over expenses</b>	<u>\$ (4,834,287)</u>	<u>\$ (4,442,841)</u>

*See accompanying notes to consolidated financial statements.*

# THE UNION HOSPITAL ASSOCIATION

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<b>Unrestricted net assets</b>		
Deficiency of revenues over expenses	\$ (4,834,287)	\$ (4,442,841)
Change in fair value of interest rate swap agreements - hedge	72,725	271,658
Net assets released from restriction - property and equipment acquisitions	410,763	962,409
Distributions to minority interest holders	(309,915)	(226,980)
Change in unrestricted net assets before effect of non-controlling interest	(4,660,714)	(3,435,754)
Less: Amount attributed to non-controlling interest	(13,631)	64,531
Change in unrestricted net assets non-controlling interest	(13,631)	64,531
 Change in unrestricted net assets controlling interest	(4,647,083)	(3,500,285)
<b>Temporarily restricted net assets</b>		
Contributions received	359,848	330,043
Investment return	(732)	(24,253)
Net assets released from restriction - property and equipment acquisitions	(410,763)	(962,409)
Change in temporarily restricted net assets	(51,647)	(656,619)
<b>Permanently restricted net assets</b>		
Change in value of beneficial interest in perpetual trusts	1,002,260	101,193
Change in permanently restricted net assets	1,002,260	101,193
 Change in net assets	(3,710,101)	(3,991,180)
<b>Net assets, beginning of year</b>	91,740,775	95,731,955
<b>Net assets, end of year</b>	\$ 88,030,674	\$ 91,740,775

*See accompanying notes to consolidated financial statements.*



# THE UNION HOSPITAL ASSOCIATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<b>Operating activities</b>		
Change in net assets	\$ (3,710,101)	\$ (3,991,180)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	6,234,474	5,911,522
Gain (loss) on investments in equity investees	125,337	(154,864)
Net realized and unrealized gain on assets limited as to use and investments	(1,540,194)	(238,378)
Change in fair value of interest rate swap agreements	(416,148)	(781,708)
Undistributed portion of change in net assets of Tuscarawas Valley Regional Cancer Center	(579,689)	(558,116)
Loss on disposal of equipment	52,126	1,709
Provision for uncollectible accounts	6,226,383	6,115,467
Change in value of beneficial interest in perpetual trusts	(1,002,260)	(101,193)
Distributions to minority interest holders	309,915	226,980
Amortization of debt issuance costs	12,652	12,652
Changes in operating assets and liabilities:		
Patient accounts receivable	(7,770,681)	(7,118,815)
Contributions receivable	70,394	648,121
Prepaid expenses and other assets	1,504,953	131,790
Third-party liabilities	1,718,714	-
Accounts payable, accrued expenses and other liabilities	352,476	(2,524,691)
Net cash from operating activities	<u>1,588,351</u>	<u>(2,420,704)</u>
<b>Investing activities</b>		
Purchase of investments	(9,836,850)	(14,743,068)
Proceeds from disposition of investments	14,396,190	22,489,900
Purchase of property and equipment	(4,859,934)	(7,202,723)
Joint venture capital contribution	-	(35,100)
Distributions from DASCO Home Medical Equipment, Inc.	80,000	-
Distributions from Tuscarawas Valley Regional Cancer Center	600,001	850,000
Net cash from investing activities	<u>379,407</u>	<u>1,359,009</u>
<b>Financing activities</b>		
Distributions to minority interest holders	(309,915)	(226,980)
Principal payments on long-term debt	(976,631)	(952,599)
Net cash from financing activities	<u>(1,286,546)</u>	<u>(1,179,579)</u>
Change in cash and cash equivalents	681,212	(2,241,274)
<b>Cash and cash equivalents, beginning of year</b>	<u>1,867,225</u>	<u>4,108,499</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 2,548,437</u></u>	<u><u>\$ 1,867,225</u></u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid, net of amounts capitalized	\$ 1,567,946	\$ 1,532,434

*See accompanying notes to consolidated financial statements.*

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

The Union Hospital Association (Association), located in Dover, Ohio, is a not-for-profit hospital. The Association provides inpatient, outpatient and emergency care services for residents of Tuscarawas and surrounding counties. Admitting physicians are primarily practitioners in the local area. The Association was founded in 1906.

Tuscarawas Ambulatory Surgery Center, LLC (TASC), Union Physician Services, LLC (UPS) and Union Hospital Medical Services, LLC (UHMS) are subsidiaries of the Association. The Association owns 70 percent of TASC and is the sole member of UPS and UHMS. The subsidiaries provide outpatient surgery and physician services to residents of the Association's service area. A Board of Managers for TASC consists of four Association representatives and three minority owner representatives.

As limited liability companies, the subsidiaries' taxable income or loss is allocated to members in accordance with their respective ownership percentage. Therefore, no provision or liability for income taxes has been included in these consolidated financial statements.

Approximately 21 percent of the Association's labor force is covered by a collective bargaining agreement. A new contract was negotiated in 2016 and expires in June 2018.

The consolidated financial statements include the accounts of the Association, its wholly-owned subsidiaries, UPS and UHMS, and its majority-owned subsidiary, TASC. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Use of Estimates

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

#### Cash and Cash Equivalents

The Association considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2017 and 2016, cash equivalents consisted primarily of money market accounts, money market mutual funds, and certificates of deposit.

The Association maintains cash balances with several banking institutions. At December 31, 2017 and 2016, certain amounts on deposit at these institutions exceeded the amounts which would be covered by the Federal Deposit Insurance Corporation ("FDIC").

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### Inventories

Inventories, which consist of supplies, are stated at the lower of cost or net realizable value, determined using the first-in, first-out method.

### Other Receivables

Other receivables consist of amounts receivable relating to certain Ohio Department of Medicaid programs, physician loans, split-dollar life insurance arrangements, and other miscellaneous items.

### Physician Recruitment Agreements and Physician Advances Receivable.

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

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

### Assets Limited as to Use

Assets limited as to use include (1) assets set aside by the Board of Trustees for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes, (2) assets restricted by donors (3) assets held by trustee under bond indenture and (4) assets held by trustee under swap collateralization requirements. Amounts required to meet current liabilities of the Association are included in current assets.

### Investments and Investment Return

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. The investments in equity investees are reported on the equity method of accounting. Certificates of deposit are stated at cost, plus accrued interest, which approximates market. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividends, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value.

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# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

### Property and Equipment

Additions to property, plant and equipment have been recorded at cost or at fair value if acquired by gift. The carrying value of assets sold, retired, or otherwise disposed of and the related allowances for depreciation are eliminated from the accounts with any gains or losses reported as other expense. The Association provides for depreciation and obsolescence of property, plant and equipment by monthly charges to expense. These charges are calculated to depreciate, on the straight-line method, the gross carrying amounts of depreciable assets over the expected useful lives (ranging from 3 – 40 years) of the various classes of assets.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

### Contributions Receivable

Contributions receivable consist of amounts that have been unconditionally promised to the Association. Management estimates an allowance for uncollectible promises based on current economic conditions, historical trends, and current experience with their donor base.

### Interest in Net Assets of Tuscarawas Valley Regional Cancer Center

Tuscarawas Valley Regional Cancer Center (TVRCC) and the Association are financially interrelated organizations. TVRCC provides services to area cancer patients and was originally funded through a contribution from the Association and Aultman Health Foundation. The Association retains an interest in the net assets of TVRCC. The Association accounts for its interest in the net assets of TVRCC using the equity method. Changes in the interest in the net assets of TVRCC are included in change in net assets. Transfers of assets between TVRCC and the Association are recognized as increases or decreases in the interest in the net assets of TVRCC.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### Investment in Equity Investees

The Association has a 50% investment in DASCO-Union Hospital Home Medical Equipment, LLC (DASCO). DASCO provides home medical equipment to area patients. The Association accounts for its investment in DASCO using the equity method. The investment is included in other investments on the balance sheets. Changes in the investment are included in change in net assets. Transfers of assets between DASCO and the Association are recognized as increases or decreases in the investment.

### Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method.

### Goodwill

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

### Other Liabilities

Other liabilities consist of liabilities relating to certain Ohio Department of Medicaid programs, workers compensation liabilities, and other miscellaneous items.

### Deficiency of Revenues Over Expenses

For purposes of reporting, transactions deemed by management to be directly related to the provision of health care services are reported as deficiency of revenues over expenses. Changes in unrestricted net assets that are excluded from deficiency of revenues over expenses, consistent with industry practice, include contributions received for acquisition of property and equipment, change in fair value of interest rate swap agreements, net assets released from restriction relating to property and equipment acquisitions, and distributions to minority interest holders.

### Operating and Nonoperating Activities

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

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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Gains and losses not directly related to the ongoing operations of the Association or that occur infrequently are reported as nonoperating. Included in nonoperating are unrestricted contributions, investment return, gain on investment in equity investees, loss on disposal of equipment, change in interest in net assets of TVRCC, and the change in fair value of interest rate swap agreements.

### Long-lived Asset Impairment

The Association evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

### Non-controlling Interest

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

### Classification of Net Assets

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

- Unrestricted net assets - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- Temporarily restricted net assets - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Association's unspent contributions are classified in this class if the donor limited their use.

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

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# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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- Permanently restricted net assets – Permanently restricted net assets consist of amounts that are held in perpetuity as designated by donors.

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

### Patient Accounts Receivable and Net Patient Service Revenue

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

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

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

As of December 31, 2017, the Association has a third-party settlement liability of \$1,718,714 relating to Medicare overbillings that were repaid subsequent to December 31, 2017. In the opinion of management, no additional provisions for estimated settlements is necessary as of December 31, 2017 and 2016 as future settlements are not expected to be material.

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# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts based on the Association's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to their service area and the healthcare industry. For receivables associated with self-pay payments, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Association 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 or required) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Association's provision for bad debts increased approximately \$111,000 from approximately \$6,115,000 for fiscal year 2016 to \$6,226,000 for fiscal year 2017. The provision for bad debt was approximately 2.2% of gross revenue for fiscal years 2017 and 2016. The Association has not changed its charity care or uninsured discount policies during fiscal years 2017 or 2016. The Association does not maintain a material allowance for doubtful accounts from third party payors, nor did it have significant write-offs from third-party payors.

The December 31, 2017 and 2016 allowance for doubtful accounts of approximately \$4,649,000 and \$5,464,000, respectively, relates to reserves for self-pay balances. The underlying assumptions are based on historical collection amounts related to self-pay accounts.

### Charity Care

The Association provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Association does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Of the Association's total reported operating expenses (approximately \$139,528,000 and \$139,258,000 during 2017 and 2016, respectively), an estimated \$2,134,000 and \$2,009,000 arose from providing services to charity patients during 2017 and 2016, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Association's total expenses divided by gross patient service revenue.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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The Association participates in the Hospital Care Assurance Program (HCAP) which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services to the indigent and uninsured. Net amounts recognized through this program totaled approximately \$2,836,000 and \$1,447,000 for 2017 and 2016, respectively and are reported as net patient service revenue in the consolidated financial statements.

### Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, patient accounts receivable, assets limited as to use, contributions receivable, accounts payable and accrued expenses, estimated self-insurance health costs, interest rate swap liabilities, and long-term debt. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, patient accounts receivable, contributions receivable, accounts payable and accrued expenses, and estimated third-party settlements approximate fair value based upon the short term maturity of these instruments. The carrying values reported in the consolidated balance sheets for assets whose use is limited equal fair value as based upon quoted market prices for those or similar investments which are observable. The carrying value reported in the consolidated balance sheets for the interest rate swap is based on current market interest rates compared to the fixed interest rate of the swap. The carrying value reported in the consolidated balance sheets for long-term debt approximates fair value based primarily on the current borrowing rates of the primary debt indentures.

### Federal Income Taxes

The Association is organized as a tax-exempt organization under Section 501(c)(3) of the United States Internal Revenue Code. UPS and UHMS are limited liability companies whereby income is passed through to the Association as the sole member of each of these companies.

TASC is also a limited liability company. Therefore, income or loss is reported to its members for inclusion in its respective tax return.

The Association recorded no provision for federal and state income tax in the consolidated financial statements due to its tax-exempt status. TASC has filed their federal and state income tax returns for periods through December 31, 2016. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if an uncertain position has been taken that more likely than not would not be sustained upon examination by various federal and state taxing authorities.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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Management has analyzed the tax positions taken by these entities, and has concluded that as of December 31, 2017 and 2016, 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 entities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Electronic Health Records Incentive Program

The Association receives EHR incentive payments under the Medicare and Medicaid programs. To qualify for these payments, the Association must meet "meaningful use" criteria that become more stringent over time. The Association periodically submits and attests to its use of certified EHR technology, satisfaction of meaningful use objectives, and various patient data. These submissions generally include performance measures for each annual EHR reporting period (ending on September 30th). The related EHR incentive payments are paid out over a four year transition schedule and are based upon data that is captured in the Association's cost reports.

The Association recognizes EHR incentive payments as grant income when there is reasonable assurance that the Association will comply with the conditions of the meaningful use objectives and any other specific grant requirements. In addition, the financial statement effects of the grants must be both recognizable and measurable. During 2017 and 2016, the Association recognized approximately \$473,000 and \$922,000, respectively, in EHR incentive payments as grant income using the cliff recognition method. Under the cliff recognition method, the Association records income at the end of EHR reporting period in which compliance is achieved. EHR incentive income is included in other operating revenue in the consolidated statement of operations and changes in net assets. EHR incentive income recognized is based on management's estimate and amounts are subject to change, with such changes impacting operations in the period the changes occur.

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

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

### Subsequent Events

The Association has evaluated events or transactions occurring subsequent to the consolidated balance sheet date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is April 9, 2018.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 2. PATIENT ACCOUNTS RECEIVABLE AND THIRD PARTY SETTLEMENTS

The details of patient accounts receivable are set forth below:

	2017	2016
Patient accounts receivable	\$ 41,303,873	\$ 38,531,706
Less allowances for:		
Uncollectible accounts	(4,648,647)	(5,464,099)
Contractual adjustments	(17,706,497)	(15,663,176)
Net patient accounts receivable	<u>\$ 18,948,729</u>	<u>\$ 17,404,431</u>

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

	2017		2016	
	Accounts Receivable	Revenue	Accounts Receivable	Revenue
Medicare	38%	47%	33%	46%
Medicaid	12%	15%	13%	16%
Commercial	28%	34%	32%	34%
Patient pay	22%	4%	22%	4%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Association has agreements with third-party payors such as Medicare, Medicaid, and commercial insurance carriers that provide for reimbursement at amounts different from established rates.

Most Association services provided to Medicare and Medicaid beneficiaries are paid at prospectively determined rates per service. These rates vary according to a patient classification system that is based on clinical and diagnostic factors. Some Medicare and Medicaid outpatient services are reimbursed on a fee schedule and cost basis.

### 3. ASSETS LIMITED AS TO USE AND LONG-TERM INVESTMENTS

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

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

	2017	2016
<b>Board designated for capital improvements</b>		
Cash	\$ 347,558	\$ 486,632
Money market mutual funds	62,131	62,075
Interest receivable and other	-	14,086
	<u>\$ 409,689</u>	<u>\$ 562,793</u>
<b>Externally restricted by donors</b>		
Cash	\$ 73,735	\$ 33,101
Money market mutual funds	-	5,199
Equity mutual funds	-	11,325
Fixed income mutual funds	-	5,363
	<u>\$ 73,735</u>	<u>\$ 54,988</u>
<b>Held by trustee under swap collateralization requirements</b>		
Cash	<u>\$ 1,779,000</u>	<u>\$ 2,301,000</u>
<b>Held by trustee under bond indenture</b>		
Cash	<u>\$ 138</u>	<u>\$ 3,463,306</u>

Long-term investments at December 31 include:

	2017	2016
Cash	\$ 22,093	\$ 21,613
Money market mutual funds	925,269	1,713,584
Certificates of deposit	1,247,500	1,617,383
Equity mutual funds	6,924,896	4,824,115
Common stocks	4,050,465	2,490,033
Corporate bonds	28,155,087	29,535,742
Interest receivable	168,197	190,658
Long-term investments	<u>\$ 41,493,507</u>	<u>\$ 40,393,128</u>



# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Total investment return is comprised of the following:

	2017	2016
Interest and dividend income	\$ 1,236,656	\$ 1,457,140
Unrealized gains on trading securities	1,896,597	490,118
Realized losses on trading securities	(356,403)	(251,740)
	<u>\$ 2,776,850</u>	<u>\$ 1,695,518</u>

Total investment return is reflected in the consolidated statements of operations and changes in net assets as follows:

	2017	2016
Unrestricted net assets:		
Other nonoperating income	\$ 2,777,582	\$ 1,719,771
Temporarily restricted net assets	(732)	(24,253)
	<u>\$ 2,776,850</u>	<u>\$ 1,695,518</u>

### 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association 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 UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

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

*Interest rate swaps:* Valued using pricing models that are derived principally from observable market data based on discounted cash flows and interest rate yield curves.

*Beneficial interest in perpetual trusts:* Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement.

The Association's policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. No transfers between levels occurred in 2017 and 2016.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Long-term investments:				
Mutual funds:				
Money market mutual funds	\$ 925,269	\$ -	\$ -	\$ 925,269
Large cap	2,465,449			2,465,449
Mid cap	981,839			981,839
Small cap	910,906			910,906
International	1,531,571			1,531,571
Diversified emerging	424,257			424,257
Other	610,874			610,874
Common stocks:				
Energy	438,137	-	-	438,137
Healthcare	605,051	-	-	605,051
Information technology	701,807	-	-	701,807
Financial	675,281	-	-	675,281
Telecommunication services	387,706	-	-	387,706
Other	1,242,483	-	-	1,242,483
Corporate bonds:				
Health care	-	6,163,787	-	6,163,787
Information technology	-	4,896,645	-	4,896,645
Financial	-	5,238,498	-	5,238,498
Services	-	4,444,834	-	4,444,834
Consumer Goods	-	4,543,792	-	4,543,792
Industrial Goods	-	2,867,531	-	2,867,531
Board designated for capital improvements:				
Money market mutual funds	62,131	-	-	62,131
	<u>11,962,761</u>	<u>28,155,087</u>	<u>-</u>	<u>40,117,848</u>
Investments - cash and cash equivalent and interest	-	-	-	1,437,790
Board designated - cash and cash equivalent and interest	-	-	-	347,558
Donor restricted - cash and cash equivalent and interest	-	-	-	73,735
Held by trustee under bond indenture -				
cash and cash equivalent	-	-	-	138
Held by trustee under swap collateralization requirements				
cash and cash equivalent	-	-	-	1,779,000
Total assets limited as to use and investments	<u>\$ 11,962,761</u>	<u>\$ 28,155,087</u>	<u>\$ -</u>	<u>\$ 43,756,069</u>
<b>Other Assets:</b>				
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 12,895,550	\$ 12,895,550
Total investments and other assets	<u>\$ 11,962,761</u>	<u>\$ 28,155,087</u>	<u>\$ 12,895,550</u>	<u>\$ 56,651,619</u>
<b>Liabilities:</b>				
Interest rate swap	\$ -	\$ 3,450,923	\$ -	\$ 3,450,923
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 3,450,923</u>	<u>\$ -</u>	<u>\$ 3,450,923</u>

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Long-term investments:				
Mutual funds:				
Money market mutual funds	\$ 1,713,584	\$ -	\$ -	\$ 1,713,584
Large Cap	1,671,839	-	-	1,671,839
Mid Cap	718,570	-	-	718,570
Small Cap	671,104	-	-	671,104
International	1,329,672	-	-	1,329,672
Other	432,930	-	-	432,930
Common stocks:				
Energy	114,739	-	-	114,739
Healthcare	474,466	-	-	474,466
Information technology	529,561	-	-	529,561
Financial	324,280	-	-	324,280
Telecommunication services	293,750	-	-	293,750
Other	753,237	-	-	753,237
Corporate bonds:				
Health care	-	6,193,715	-	6,193,715
Information technology	-	2,909,090	-	2,909,090
Financial	-	7,585,548	-	7,585,548
Telecommunication services	-	1,954,153	-	1,954,153
Services	-	4,463,485	-	4,463,485
Consumer Goods	-	4,064,481	-	4,064,481
Industrial Goods	-	2,365,270	-	2,365,270
Board designated for capital improvements:				
Money market mutual funds	62,075	-	-	62,075
Donor restricted				
Money market mutual funds	5,199	-	-	5,199
Mutual funds - equity	11,325	-	-	11,325
Mutual funds - fixed income	5,363	-	-	5,363
	<u>9,111,694</u>	<u>29,535,742</u>	<u>-</u>	<u>38,647,436</u>
Investments - cash and cash equivalents and interest	-	-	-	1,829,654
Board designated - cash and cash equivalents and interest	-	-	-	500,718
Donor restricted - cash and cash equivalents and interest	-	-	-	33,101
Held by trustee under bond indenture -				
cash and cash equivalents	-	-	-	3,463,306
Held by trustee under swap collateralization requirements				
cash and cash equivalents	-	-	-	2,301,000
Total assets limited as to use and investments	<u>\$ 9,111,694</u>	<u>\$ 29,535,742</u>	<u>\$ -</u>	<u>\$ 46,775,215</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 11,893,290	\$ 11,893,290
Total investments and other assets	<u>\$ 9,111,694</u>	<u>\$ 29,535,742</u>	<u>\$ 11,893,290</u>	<u>\$ 58,668,505</u>
<b>Liabilities:</b>				
Interest rate swap	\$ -	\$ 3,867,071	\$ -	\$ 3,867,071
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 3,867,071</u>	<u>\$ -</u>	<u>\$ 3,867,071</u>

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### Level 3 Gains and Losses

The table below sets forth a summary of changes in fair value for the Association's level 3 assets for the year ended December 31, 2017 and 2016:

	2017	2016
Balance, beginning of year	\$ 11,893,290	\$ 11,792,097
Proceeds from distribution of income	(694,489)	(579,147)
Change in fair value	1,696,749	680,340
Balance, end of year	<u>\$ 12,895,550</u>	<u>\$ 11,893,290</u>

### 5. CONTRIBUTIONS RECEIVABLE

In 2014, the Association began a capital campaign to solicit funds in support of a new Emergency Center. As part of this campaign, the Association received pledges to contribute to the campaign over 5 years. The Association has estimated an allowance for uncollectible pledges and a discount rate totaling 2.3% and 2.2% of total promises to give for the years ended December 31, 2017 and 2016, respectively.

Temporarily restricted contributions receivable, at December 31, consisted of the following:

	2017	2016
Due within one year	\$ 214,930	\$ 100,881
Due in one to five years	-	185,751
	<u>214,930</u>	<u>286,632</u>
Less allowance for uncollectible contributions and discounts	(4,998)	(6,306)
Total contributions receivable	<u>\$ 209,932</u>	<u>\$ 280,326</u>

### 6. INTEREST IN NET ASSETS OF TVRCC

The Association has a 50% interest in the net assets of TVRCC. At December 31, 2017 and 2016, \$1,459,399 and \$1,479,711, respectively, is recognized as the Association's interest in the net assets of TVRCC. The Association received distributions totaling \$600,001 and \$850,000 from TVRCC in 2017 and 2016, respectively. During 2017 and 2016, the Association recognized gains of \$579,689 and \$558,116 relating to distributions and the Association's 50% share in the change in net assets of TVRCC.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Summary financial position information at December 31, 2017 and 2016, for TVRCC was as follows:

	2017	2016
Cash and investments	\$ 933,652	\$ 877,542
Accounts receivable	563,743	375,569
Property and equipment, net	1,477,459	1,677,487
Other assets	40,500	130,795
	<u>\$ 3,015,354</u>	<u>\$ 3,061,393</u>
Liabilities	\$ 96,557	\$ 101,972
Net assets	2,918,797	2,959,421
	<u>\$ 3,015,354</u>	<u>\$ 3,061,393</u>

### 7. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Association is an income beneficiary of several perpetual trusts controlled by unrelated third-party trustees. The beneficial interests in the assets of these trusts are included in the Association's consolidated financial statements as permanently restricted net assets. Income is distributed in accordance with the individual trust documents and is included in investment return. The estimated value of the expected future cash flows is \$12,895,550 and \$11,893,290 which represents the fair value of the trust assets at December 31, 2017 and 2016, respectively. Trust income distributed to the Association for the years ended December 31, 2017 and 2016 was \$694,489 and \$579,147 respectively.

### 8. LONG TERM DEBT

Long term obligations consist of the following:

	2017	2016
Hospital series 2014 revenue bonds (A)	\$ 45,030,000	\$ 45,060,000
Hospital series 2014 term note (B)	-	815,000
Capital lease obligations (C)	76,785	208,416
	<u>45,106,785</u>	<u>46,083,416</u>
Less current portion	956,785	976,631
Less unamortized loan costs	376,409	389,061
Long-term debt	<u>\$ 43,773,591</u>	<u>\$ 44,717,724</u>



# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

- (A) Series 2014 Revenue Bonds — The County of Tuscarawas, Ohio (County) issued the Variable Rate Health Care Facilities Refunding and Improvement Revenue Bonds, Series 2014 (Series 2014 Bonds), in September 2014. The Series 2014 Bonds were issued for the purpose of financing and refinancing the acquisition, construction, renovations, installation and equipping of certain improvements to hospital facilities, including the advance refunding of the Association's outstanding balances of the Hospital Facilities Revenue Bonds, Series 2009, and for paying certain costs of issuance of the Series 2014 Bonds. A lease agreement dated September 1, 2014, requires the Association to lease the project from the County and to make payments on or before each rental payment date in an amount sufficient to pay the principal and interest as they become due. The Series 2014 Bonds are secured by a pledge of gross receipts of the Association.

The Series 2014 Bonds were issued under a Bond Purchase Agreement with a local bank. The bonds are payable in annual installments ranging from \$30,000 to \$2,450,000 from October 1, 2017 to October 1, 2046, at a variable rate of interest as determined by the bank. The effective rate at December 31, 2017 was 1.92%. Based on the Bond Purchase Agreement in effect at December 31, 2017, on October 1, 2019, all outstanding bonds are subject to mandatory tender, subject to an annual extension.

Terms of the Series 2014 Bonds require that certain funds be established with the bank. Accordingly, these funds are included as assets limited as to use held by trustee in the consolidated financial statements. The indenture agreement also requires the Association to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio, a minimum amount of day's cash on hand, a maximum indebtedness to capital ratio and restrictions on incurrence of additional debt. The Association was not in compliance with the debt-service coverage ratio as of December 31, 2016, and as a result, the bank waived the debt service coverage requirement for December 31, 2016 and December 31, 2017. As a condition to receiving this waiver, the Association agreed to minimum quarterly EBIDA covenants for the Hospital and related entities on a combined basis for 2017. The Association believes they are in compliance with all outstanding covenant requirements as of December 31, 2017.

- (B) Term note payable to a bank matured in October 2017.
- (C) Capital lease at imputed interest rate of 3.00% due through August 2018, collateralized by property and equipment. Property and equipment include the following property under capital leases:

	2017	2016
Equipment	\$ 1,159,303	\$ 1,159,303
Less: accumulated depreciation	802,870	737,066
	<u>\$ 356,433</u>	<u>\$ 422,237</u>

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at December 31, 2017, are:

	Bonds and Notes Payable	Capital Lease Obligations
2018	\$ 880,000	\$ 77,735
2019	910,000	-
2020	950,000	-
2021	990,000	
2022	1,025,000	
Thereafter	40,275,000	-
	<u>\$ 45,030,000</u>	<u>77,735</u>
Less amounts representing interest		(950)
Total minimum future payments		<u>\$ 76,785</u>

### 9. DERIVATIVE FINANCIAL INSTRUMENTS

#### 2014 Swap

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Association entered into a fixed rate interest rate swap agreement for a portion of its Series 2014 floating rate debt. The agreement provides for the Association to receive interest from the counterparty at 72% of the monthly USD-LIBOR-BBA rate and to pay interest to the counterparty at a fixed rate of 2.79% on a notional amount of \$10,790,000 and \$10,805,000, respectively, at December 31, 2017 and 2016. The 2014 interest rate swap expires in 2046. Under the agreement, the Association pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### 2009 and 1993 Swaps

The Association also entered into fixed rate interest rate swap agreements in conjunction with its Series 2009 and Series 1993 bond issuances. The 2009 interest rate swap agreement provides for the Association to receive interest from the counterparty of 68% of the monthly USD-LIBOR-BBA rate plus 1.84% on notional amounts of \$21,315,000 and \$21,460,000 at December 31, 2017 and 2016, respectively. The 1993 interest rate swap agreement provides for the Association to receive interest from the counterparty of 67% of the monthly USD-LIBOR-BBA rate on notional amounts of \$2,135,000 and \$2,590,000 at December 31, 2017 and 2016, respectively. Under the 2009 and 1993 interest rate swaps, the agreements require the Association to pay interest to the counterparty at a fixed rate of 4.4725% and 3.42% on these respective notional amounts, respectively. Under the agreements, the Association pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The 2009 and 1993 interest rate swaps expire in October 2039 and October 2021, respectively.

As defined in the agreements, the Association may be required to restrict cash as collateral. At December 31, 2017, the Association has recorded \$1,779,000 of collateral it has posted within Assets Limited as to Use. The collateral requirements change based on the monthly valuation of the interest rate swaps.

### Hedges

Management designated the Series 2014 interest rate swap agreement as a cash flow hedging instrument. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of the change in unrestricted net assets. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized within deficiency of revenues over expenses. The 2014 interest rate swap has met the requirements of the short cut method for hedge effectiveness; therefore, the change in the fair value of the 2014 interest rate swap is included in other changes in unrestricted net assets on the consolidated statement of operations and changes in net assets.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

The table below presents certain information regarding the Association's interest rate swap agreements designated as cash flow hedges.

	2017	2016
Fair value of interest rate swap agreements	\$ 3,450,923	\$ 3,867,071
Balance sheet location of fair value amount	Other Liabilities	Other Liabilities
Gain recognized in change in unrestricted net assets (effective portion)	\$ 72,725	\$ 271,568
Location of gain recognized in deficiency of revenues over expenses (effective portion and amount included in effectiveness testing)	Other changes in unrestricted net assets	Other changes in unrestricted net assets
Gain recognized within deficiency of revenues over expenses (ineffective portion and amount excluded from effectiveness testing)	\$ 343,423	\$ 510,050
Location of gain recognized in deficiency of revenues over expenses (ineffective portion and amount excluded from effectiveness testing)	Other Income	Other Income

Following is an analysis of the changes in the net loss on cash flow hedges included in other changes in unrestricted net assets excluded from the deficiency of revenues over expenses:

	2017	2016
Balance, beginning of the year	\$ (205,651)	\$ (477,309)
Net gain for the year	72,725	271,658
Balance, end of year	<u>\$ (132,926)</u>	<u>\$ (205,651)</u>

Additional information regarding fair value measurements of the interest rate swap agreements is disclosed in Note 4.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 10. NET PATIENT SERVICE REVENUE

Net patient service revenue is comprised of the following:

	2017	2016
Gross patient service revenue		
Inpatient revenue	\$ 77,988,946	\$ 76,260,408
Outpatient revenue	206,912,345	202,918,225
Total gross patient service revenue	<u>284,901,291</u>	<u>279,178,633</u>
Deductions from revenue		
Contractual allowances	149,629,585	142,819,568
Charity care	4,363,033	4,027,115
Provision for bad debts	6,226,383	6,115,467
Total deductions from revenue	<u>160,219,001</u>	<u>152,962,150</u>
Total net patient service revenue	<u>\$ 124,682,290</u>	<u>\$ 126,216,483</u>

### 11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as described in note 3 are available for the following purpose or periods:

	2017	2016
Purpose restricted contributions	\$ 73,735	\$ 54,988
Time restricted contributions	209,932	280,326
	<u>\$ 283,667</u>	<u>\$ 335,314</u>

Permanently restricted net assets are restricted for:

	2017	2016
Beneficial interests in perpetual trusts, the income to be used for the following purposes:		
Equipment purchases	\$ 10,745,929	\$ 9,947,726
Operations of the Hospital	2,149,621	1,945,564
	<u>\$ 12,895,550</u>	<u>\$ 11,893,290</u>

During 2017 and 2016, net assets of \$410,763 and \$962,409, respectively, were released to purchase property and equipment.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### 12. PENSION PLANS

The Association maintains two defined contribution plans, a 403(b) Savings Plan which allows for salary deferrals for eligible participating employees and a Money Purchase Retirement Plan which allows for employer matches to salary deferrals within the 403(b) Savings Plan. Employees who are registered nurses covered under the collective bargaining unit of the Ohio Nurses may participate and contribute between 3.5% to 6.5% of earnings, and the Association will match the employee's contribution dollar for dollar. Employees who are not members of the collective bargaining unit represented by the Ohio Nurses Association may participate and contribute between 3% to 6% of earnings and the Association will match the employee's contribution dollar for dollar. The Association contributed \$2,513,939 and \$2,555,037 for the years ended December 31, 2017 and 2016, respectively, to these plans.

TASC maintains a defined contribution plan covering employees who have worked a minimum of ninety days. Employees are required to contribute a minimum of 1% of earnings if they elect to be an active participant in the Plan. TASC matches one half of one percent for every one percent the participant contributes, up to six percent. TASC contributed \$25,959 and \$30,640 to this plan for the years ended December 31, 2017 and 2016, respectively.

### 13. EXECUTIVE BENEFIT PLAN

The Association has entered into collateral assignment split-dollar life insurance arrangements, referred to as the Executive Benefit Plan, for five of its employed physicians. Under the Executive Benefit Plan, the Association shall pay the planned periodic premiums set forth in the policies for each participant during their employment with the Association.

Death benefits under the policy subject to a collateral assignment are as follows:

1. The employer shall receive an amount equal to the recoverable amount, determined as of the date the death benefit is paid, which amount shall be paid before any other amounts, and
2. The balance of the death benefit shall be payable to the beneficiary under the policy.

The recoverable amount is equal to the cumulative premiums that have been paid by the Association, plus the accretion amount determined using the applicable federal rate.

The balance of the Executive Benefit Plan notes receivable as of December 31, 2017 and 2016 was \$1,630,361 and \$1,080,577, respectively, and is included in other receivables in the consolidated balance sheets. The notes bear interest at the applicable Federal rate for a term loan, as defined in Internal Revenue Code Section 1274(d), at the date the note is made. The current interest rate on the outstanding receivables is 2.61%.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 14. ACCOUNTING FOR NON-CONTROLLING INTEREST

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

	Controlling Interest	Non Controlling Interest	Total
Beginning balance as of January 1, 2016	\$ 82,352,544	\$ 595,381	\$ 82,947,925
Deficiency of revenues over expenses	(4,734,352)	291,511	(4,442,841)
Change in fair value of interest rate swap agreements - hedge	271,658	-	271,658
Net assets released from restriction - property and equipment acquisitions	962,409	-	962,409
Distributions to minority interest holders	-	(226,980)	(226,980)
Change in unrestricted net assets	(3,500,285)	64,531	(3,435,754)
Ending balance as of December 31, 2016	\$ 78,852,259	\$ 659,912	\$ 79,512,171
Deficiency of revenues over expenses	(5,130,571)	296,284	(4,834,287)
Change in fair value of interest rate swap agreements - hedge	72,725	-	72,725
Net assets released from restriction - property and equipment acquisitions	410,763	-	410,763
Distributions to minority interest holders	-	(309,915)	(309,915)
Change in unrestricted net assets	(4,647,083)	(13,631)	(4,660,714)
Ending balance as of December 31, 2017	\$ 74,205,176	\$ 646,281	\$ 74,851,457

### 15. FUNCTIONAL EXPENSES

The Association provides health care services primarily to residents within its geographic area. Estimated expenses related to providing these services for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Program services	\$ 95,072,984	\$ 99,851,916
General and administrative	44,454,666	39,405,937
	<u>\$ 139,527,650</u>	<u>\$ 139,257,853</u>



# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### 16. PROFESSIONAL LIABILITY INSURANCE

Based on the nature of its operations, the Association is at times subject to pending or threatened legal actions which arise in the normal course of activities. The Association is insured against medical professional liability claims under claims made based policies. The policies cover claims reported to the insurance carrier during the policy term. The Association's management believes asserted and unasserted claims and assessments will not result in losses which would exceed the limits of insurance coverage under the underlying policies. The Association has an underlying policy with a \$1,000,000 per claim limit and an annual aggregate of \$3,000,000. Additionally, the Association has umbrella and excess policies with limits totaling \$20,000,000.

### 17. OPERATING LEASES

The Association leases various office space and equipment under operating leases expiring at various dates through 2036. Total rental expense for the years ended December 31, 2017 and 2016 was approximately \$1,358,000 and \$1,052,000, respectively.

The total rental commitment on non-cancelable operating and other leases for future years is as follows for the years ending December 31:

2018	\$	941,845
2019		953,292
2020		955,627
2021		660,390
2022		538,194
Thereafter		6,064,715
	\$	<u>10,114,063</u>

### 18. SELF-INSURED BENEFITS

The Association provides health insurance to participating employees under a plan that is partially self-insured. The plan is covered by a stop-loss policy with an annual individual stop-loss coverage amount of \$150,000. Expenses charged to operations, including an estimate of incurred but unreported claims, totaled approximately \$6,850,000 and \$5,879,000 in 2017 and 2016, respectively.

# THE UNION HOSPITAL ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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### 19. RECENTLY ISSUED ACCOUNTING STANDARDS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that “an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services”. On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Association is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard, which the Association is not required to adopt until its year ending December 31, 2020, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity’s balance sheet.

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an ASU No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Association is not required to adopt until its year ending December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two phase project to amend not-for-profit financial reporting requirements.

The Association is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

### 20. SUBSEQUENT EVENT

On December 26, 2017, the Association’s board of trustees approved a Member Substitution Agreement with The Cleveland Clinic Foundation (the Clinic). Under this agreement, the Clinic will assume control of the Association. The transaction finalized on April 1, 2018.