

FILE



The Public Utilities Commission of Ohio

76

PUCO USE ONLY		
Date Received	Case Number	Version
	11-4713-EL-AGG	August 2004

CERTIFICATION APPLICATION FOR AGGREGATORS/POWER BROKERS

Please type or print all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-13 - Company History). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 13th Floor, 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may directly input information onto the form.
You may also download the form by saving it to your local disk.

A. APPLICANT INFORMATION

A-1 Applicant's legal name, address, telephone number and web site address

Legal Name Ohio Healthcare Purchasing, Inc. d/b/a OHA Solutions, Inc.
Address 155 East Broad Street, 15th Floor, Columbus, Ohio 43215
Telephone No. (614) 221-7614 Web site Address <http://www.ohanet.org>

A-2 List name, address, telephone number and web site address under which Applicant will do business in Ohio:

Legal Name Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.
Address 155 East Broad Street, 15th Floor, Columbus, Ohio 43215
Web site Address <http://www.ohanet.org> Telephone No. (614) 221-7614

A-3 List all names under which the applicant does business in North America:

The Ohio Hospital Association
Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

A-4 Contact person for regulatory or emergency matters:

Name Richard L. Sites
Title General Counsel & Senior Director of Health Policy

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician Date Processed 8/12/11

Business Address 155 East Broad Street, 15th Floor, Columbus, Ohio 43215
Telephone # (614) 221-7614 Fax # (614) 221-4771
Email Address (if any) ricks@ohanet.org

A-5 Contact person for Commission Staff use in investigating customer complaints:

Name Richard L. Sites
Title General Counsel & Senior Director of Health Policy
Business Address 155 East Broad Street, 15th Floor, Columbus, Ohio 43215
Telephone # (614) 221-7614 Fax # (614) 221-4771
Email Address (if any) ricks@ohanet.org

A-6 Applicant's address and toll-free number for customer service and complaints

Customer service address 155 East Broad Street, 15th Floor, Columbus, Ohio 43215
Toll-Free Telephone # 800-837-7614 Fax # (614) 221-4771
Email Address (if any) http://www.ohanet.org

A-7 Applicant's federal employer identification number # 20-0414070

A-8 Applicant's form of ownership: (Check one)

- | | |
|--|--|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input type="checkbox"/> Limited Liability Company (LLC) |
| <input checked="" type="checkbox"/> Corporation | <input type="checkbox"/> Other _____ |

A-9 (Check all that apply) Identify each electric distribution utility certified territory in which the applicant intends to provide service, including identification of each customer class that the applicant intends to serve, for example: residential, small commercial, mercantile commercial, and industrial. (A mercantile customer, as defined in (A)(19) of Section 4928.01 of the Ohio Revised Code, is a commercial customer who consumes more than 700,000 kWh/year or is part of a national account in one or more states.)

- | | | | | |
|---|--------------------------------------|--|--|--|
| <input checked="" type="checkbox"/> First Energy | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Ohio Edison | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Toledo Edison | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Cleveland Electric Illuminating | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Cincinnati Gas & Electric | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Monongahela Power | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> American Electric Power | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Ohio Power | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Columbus Southern Power | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Dayton Power and Light | <input type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |

A-10 Provide the approximate start date that the applicant proposes to begin delivering services

October 2011

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- A-11** **Exhibit A-11 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
- A-12** **Exhibit A-12 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers and companies that aggregate customers in North America.
- A-13** **Exhibit A-13 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
- A-14** **Exhibit A-14 "Articles of Incorporation and Bylaws,"** if applicable, provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto.
- A-15** **Exhibit A-15 "Secretary of State,"** provide evidence that the applicant has registered with the Ohio Secretary of the State.

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- B-1** **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.
- B-2** **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Summary of Experience,"** provide a concise summary of the applicant's experience in providing aggregation service(s) including contracting with customers to combine electric load and representing customers in the purchase of retail electric services. (e.g. number and types of customers served, utility service areas, amount of load, etc.).

B-4 **Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-5 Disclose whether the applicant, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-6 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

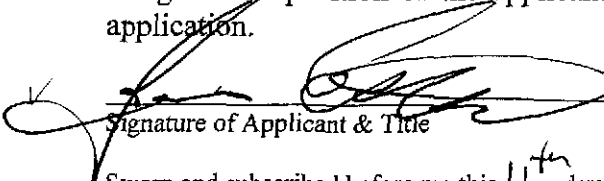
C. APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

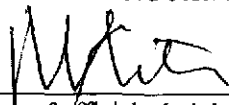
C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

- C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.
- C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).
- C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRES operation, along with a list of assumptions, and the name, address, e-mail address, and telephone number of the preparer.
- C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.
- C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization.
- C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

 President
Signature of Applicant & Title

Sworn and subscribed before me this 11th day of August, 2011
Year


Signature of official administering oath

Richard L. Sites, Ohio Hospital
Print Name and Title Association General
Counsel

My commission expires on n/a

RICHARD L. SITES, ATTORNEY AT LAW
Notary Public in State of Ohio
My commission has no expiration date.
Section 147.03 R. C.

AFFIDAVIT

State of Ohio : Columbus ss.
(Town)

County of Franklin :

James R. Castle, Affiant, being duly sworn/affirmed according to law, deposes and says that:

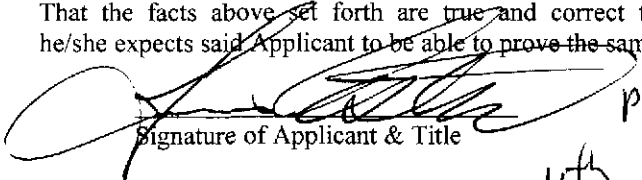
He/She is the President (Office of Affiant) of Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc. (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

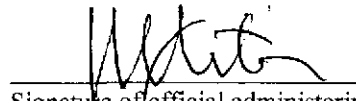
1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.


Signature of Applicant & Title President

Sworn and subscribed before me this 11th day of August, 2011
Year


Signature of official administering oath

Richard L. Sites, General
Counsel, Ohio
Hospital Association
Print Name and Title

My commission expires on n/a

RICHARD L. SITES, Attorney At Law
Notary Public - State of Ohio
My commission has no expiration date.
Section 147.03 R. C.

EXHIBIT A-11
Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Principal Officers, Directors & Partners

The current Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.
Directors and/or Officers are:

James Castle, President & Chair

Dan Paoletti, Vice Chair

Mary Gallagher, Secretary

Erin Reimer, Treasurer

Address:

155 East Broad Street, 15th Floor

Columbus, OH 43215

Telephone: (614) 221-7614

EXHIBIT A-12
Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Corporate Structure

The Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc. ("OHA Solutions") is an Ohio corporation, and a wholly owned subsidiary of The Ohio Hospital Association ("OHA"). The parent company, OHA, was established in 1915 and is a membership organization for Ohio hospitals and health systems.

Attached is the organizational chart of OHA and its subsidiaries.

OHA and its Subsidiaries

OHA Member Hospitals

Ohio Hospital Association
501(c)(6), est. 1915
hospital trade association

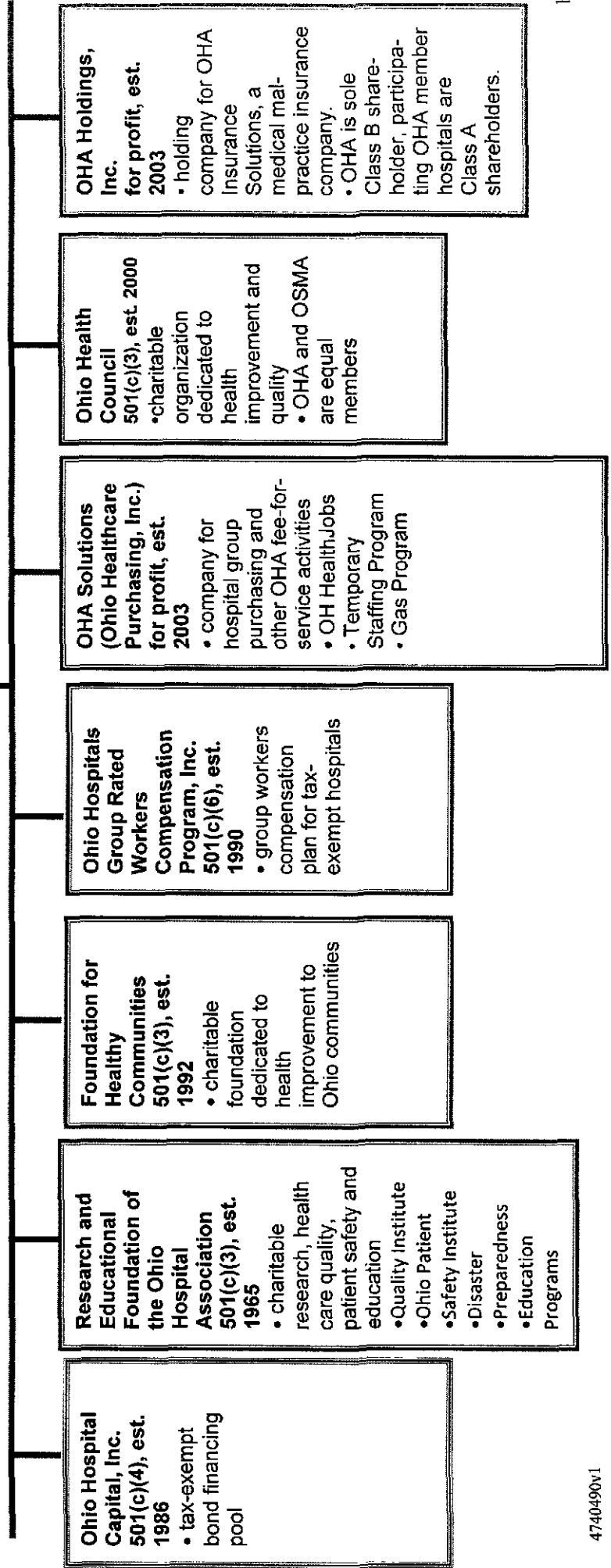


EXHIBIT A-13
Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Company History

The Ohio Hospital Association ("OHA") was established in 1915 and is a membership organization for Ohio hospitals and health systems. The OHA currently has 165 Ohio hospital members and 16 Ohio health system members. As a not-for-profit trade association, the OHA conducts government relations efforts, provides services to members, and sponsors varied activities including institutes, committees, conventions, and research for its members, primarily hospitals, related health service institutions, and individuals. In 1999, the OHA formed Ohio Healthcare Purchasing, Inc. (d/b/a OHA Solutions), which began operations in 2004 and was organized for the purpose of achieving purchasing efficiencies for OHA members. OHA Solutions offers a variety of services including data submission programs, energy services, and an on-line job board that enables hospital to fill vacancies through staffing agencies.

EXHIBIT A-14
Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Articles of Incorporation and Bylaws

Please see attached Exhibit 1. Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc. does not have corporate bylaws or regulations.

Doc ID -->

200333000270

DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
11/29/2003	200333000270	DOMESTIC ARTICLES/FOR PROFIT (ARF)	125.00	00	00	00	.00

Receipt

This is not a bill. Please do not remit payment.

OHIO HOSPITAL ASSOCIATION
155 EAST BROAD STREET
15TH FLOOR
COLUMBUS, OH 43215

STATE OF OHIO**Ohio Secretary of State, J. Kenneth Blackwell**

1424848

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

OHIO HEALTHCARE PURCHASING, INC.

and, that said business records show the filing and recording of:

Document(s)
DOMESTIC ARTICLES/FOR PROFIT

Document No(s):
200333000270



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 20th day of November,
A.D. 2003.

J. Kenneth Blackwell
Ohio Secretary of State

Doc ID -->

200333000270

Prescribed by **J. Kenneth Blackwell**

Ohio Secretary of State
 Central Ohio (614) 466-3910
 Toll Free 1-877-SOS-FILE (1-877-767-3453)

www.sos.state.oh.us
 e-mail: busserv@sos.state.oh.us

Expedite this Form: please check	
<input type="radio"/> Yes	PO Box 1390 Columbus, OH 43216 — Requires an additional fee of \$100 —
<input checked="" type="radio"/> No	PO Box 670 Columbus, OH 43216

INITIAL ARTICLES OF INCORPORATION

(For Domestic Profit or Non-Profit)

Filing Fee \$125.00

THE UNDERSIGNED HEREBY STATES THE FOLLOWING:

(CHECK ONLY ONE (1) BOX)

<input checked="" type="checkbox"/> (1) Articles of Incorporation Profit (113-ARF) ORC 1701	<input type="checkbox"/> (2) Articles of Incorporation Non-Profit (114-ARF) ORC 1702	<input type="checkbox"/> (3) Articles of Incorporation Professional (170-ARF) Profession _____ ORC 1705
--	---	--

Complete the general information in this section for the box checked above.

FIRST: Name of Corporation	Ohio Healthcare Purchasing, Inc.	
SECOND: Location	Columbus (City)	Franklin (County)
Effective Date (Optional)	Date specified can be no more than 90 days after date of filing. If a date is specified, the date must be a date on or after the date of filing. (month/year)	
<input type="checkbox"/> Check here if additional provisions are attached		

Complete the information in this section if box (2) or (3) is checked. Completing this section is optional if box (1) is checked.

THIRD: Purpose for which corporation is formed

Complete the information in this section if box (1) or (2) is checked.

FOURTH: The number of shares which the corporation is authorized to have outstanding (Please state if shares are common or preferred and their par value if any)	1,500 (No. of Shares)	common (Type)	none (Par Value)
(Refer to instructions if needed)			

Doc ID -->

200333000270


Complete the information in this section if box (1) (2) or (3) is checked.


ORIGINAL APPOINTMENT OF STATUTORY AGENT


The undersigned, being at least a majority of the incorporators of Ohio Healthcare Purchasing, Inc.
 hereby appoint the following to be statutory agent upon whom any process, notice or demand required or permitted by
 statute to be served upon the corporation may be served. The complete address of the agent is:

James R. Castle
 (Name)
155 East Broad Street, 15th Floor
 (Street) NOTE: P.O. Box Addresses are NOT acceptable.

Columbus Ohio 43215-3620
 (City) (Zip Code)

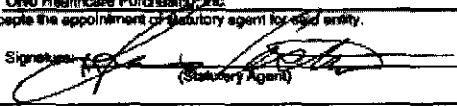
Must be authenticated by an
 authorized representative  11-18-2003
 Authorized Representative Date


 Authorized Representative Date


 Authorized Representative Date

ACCEPTANCE OF APPOINTMENT

The Undersigned, James R. Castle, named herein as the
 Statutory agent for, Ohio Healthcare Purchasing, Inc.
 hereby acknowledges and accepts the appointment of statutory agent for said entity.

Signature: 
 (Statutory Agent)

Doc ID -->

200333000270

Completing the information in this section is optional

FIFTH: The following are the names and addresses of the individuals who are to serve as initial Directors.

(Name)		
(Street)		
NOTE: P.O. Box Addresses are NOT acceptable.		
(City)	(State)	(Zip Code)
(Name)		
(Street)		
NOTE: P.O. Box Addresses are NOT acceptable.		
(City)	(State)	(Zip Code)
(Name)		
(Street)		
NOTE: P.O. Box Addresses are NOT acceptable.		
(City)	(State)	(Zip Code)

REQUIRED
Must be authenticated
(signed) by an authorized
representative
(See Instructions)

Authorized Representative

James R. Castle
(Print Name)

11-18-03
Date

Authorized Representative

(Print Name)

Date

Authorized Representative

(Print Name)

Date

Doc ID -->

200333000270

Prescribed by **J. Kenneth Blackwell**Ohio Secretary of State
Central Ohio: (614) 466-3910

Toll Free: 1-877-SOS-FILE (1-877-767-3433)

www.state.oh.us/sos
e-mail: busserv@sos.state.oh.us**CONSENT FOR USE OF SIMILAR NAME**(For Domestic / Foreign, Profit or Non-Profit)
Must Be Accompanied By Another Form

THE UNDERSIGNED DESIRING TO FILE A:

(CHECK ONLY ONE (1) BOX) This filing does not extend the registration period

<input type="checkbox"/> Where consenting entity is a corporation (147-CSQ)	Where consenting entity is a registrant of <input type="checkbox"/> Trade Name <input type="checkbox"/> Service Mark <input type="checkbox"/> Trade Mark (149-CSN)	Where consenting entity is a <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership Having Limited Liability (148-CSU)
--	--	---

☐ Check here if additional provisions are attachedCharter or Registration No.
of Entity Giving Consent

1109775

Name of Entity
Giving Consent

Ohio Healthcare Purchasing, LLC

Gives Its Consent To

Ohio Healthcare Purchasing, Inc.

To Use The Name

Ohio Healthcare Purchasing, Inc.

REQUIRED
Must be authenticated
(signed) by an authorized
representative

Authorized Representative

 11-18-03
Date

Authorized Representative

Date

If the consenting party is a partnership, all general partners must sign. If only one partner is authorized to sign, a copy of the resolution authorizing the signature must be included.

EXHIBIT A-15
Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Secretary of State

Please see attached Exhibit 2.

Doc ID -->

200404900830



DATE	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
02/18/2004	200404900830	TRADE NAME/ORIGINAL FILING (RNO)	50.00	.00	.00	.00	.00

Receipt

This is not a bill. Please do not resent payment.

OHIO HEALTHCARE PURCHASING, INC.
155 EAST BROAD STREET
15TH FLOOR MARY GALLAGHER
COLUMBUS, OH 43215-3620

STATE OF OHIO CERTIFICATE

Ohio Secretary of State, J. Kenneth Blackwell

1441953

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

OHA SOLUTIONS

and, that said business records show the filing and recording of:

Document(s)

TRADE NAME/ORIGINAL FILING

Date of First Use: 01/13/2004
Expiration Date: 02/17/2009

Document No(s):

200404900830

OHIO HEALTHCARE PURCHASING,
INC.
155 EAST BROAD STREET
15TH FLOOR
COLUMBUS, OH 432153620



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 17th day of February,
A.D. 2004.

J. Kenneth Blackwell
Ohio Secretary of State

Doc ID -->

200404900830

Prescribed by **J. Kenneth Blackwell**

Ohio Secretary of State

Central Ohio: (614) 466-3910

Toll Free: 1-877-SOS-FILE (1-877-767-3453)

www.state.oh.us/sos

e-mail: busserv@sos.state.oh.us

Expedite this Form: (select one)

- ☐ Yes PO Box 1390
Columbus, OH 43216
Requires an additional fee of \$100**
- ☒ No PO Box 870
Columbus, OH 43216

NAME REGISTRATION

(For Domestic/Foreign Profit or Non-Profit)

Filing Fee \$50.00

THE UNDERSIGNED HEREBY STATES THE FOLLOWING:

(CHECK ONLY ONE (1) BOX)

(1) <input checked="" type="checkbox"/> Trade Name (157-NR0) Date of first use <u>January 13, 2004</u> MM/DD/YYYY	(2) <input type="checkbox"/> Fictitious Name (160-NFO)	(3) Name Reservation (160-NR0) <input type="checkbox"/> Original <input type="checkbox"/> Renewal Registration No.
---	--	--

Complete the information in this section if box (1) or (3) is checked.

The exact name being registered or reported is

OHA Solutions

The Registrant is (Check Appropriate Box)

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Foreign Corporation incorporated in the state of _____ holding Ohio license no. _____ |
| <input type="checkbox"/> Limited Partnership: Reg. No. _____ | <input type="checkbox"/> Unincorporated Association |
| <input type="checkbox"/> Ohio Limited Liability Co., Reg. No. _____ | <input type="checkbox"/> Foreign Limited Liability Co. holding Ohio Reg. No. _____ organized in the state of _____ |
| <input checked="" type="checkbox"/> Ohio Corporation, Charter No. <u>1424848</u> | |
| <input type="checkbox"/> General Partnership | |
| <input type="checkbox"/> Other _____ | |

The name of the registrant designated above is

Ohio Healthcare Purchasing, Inc.

NOTE: Where the registrant is a partnership, the name of the partnership must appear on this line. If the registrant is a foreign corporation licensed in Ohio under an assumed name, both the assumed name and actual corporate title of such corporation must appear on this line.

The business address of the registrant is

155 East Broad Street, 15th Floor

(Street)

NOTE: P.O. Box Addresses are NOT acceptable.

Columbus

(City)

Franklin

(County)

Ohio

(State)

43215-3620

(Zip Code)

Doc ID -->

200404900830

Complete the information in this section if box (1) or (2) is checked Cont.

Complete only if registrant is a general partnership
 NAME OF ALL GENERAL PARTNERS COMPLETE RESIDENTIAL ADDRESSES (including zip code)

N/A

NOTE: Pursuant to OAG 88-081, if a general partner is a foreign (out-of-state) corporation, it must be licensed to transact business in Ohio; if a general partner is a foreign corporation licensed in Ohio under an assumed name, please note both the assumed name and actual corporate title of such general partner.

The nature of the business conducted by the registrant under the trade or fictitious name is (please be specific)
group purchasing and related activities for hospitals and health care entities

Complete the information in this section if box (3) is checked.

☐ Please reserve the name listed below. (only one name per form)

☐ Please reserve the first name available in the order of my preference.

I understand that I am not guaranteed the reservation UNTIL I RECEIVE WRITTEN CONFIRMATION FROM THE SECRETARY OF STATE'S OFFICE STATING THAT THE NAME HAS BEEN REGISTERED TO ME.

The name reservation is valid for a period of 180 days.

(First Choice)

(Second Choice)

(Third Choice)

(Applicant) (Print Name)

(Address)

(City, State and Zip Code)

REQUIRED
 Must be authenticated (signed)
 by an authorized representative
 (See instructions)

Mary L. Gasker, Secretary
 Authorized Representative

1-27-2004
 Date

 Authorized Representative

 Date

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Exhibit B-1 “Jurisdictions of Operation”

OHA Solutions is not currently certified, licensed, registered or otherwise authorized to provide retail or wholesale electric services in any other jurisdictions.

Exhibit B-2 “Experience & Plans”

The OHA has extensive experience in the area of managing and marketing group purchasing programs and services on behalf of its members. The OHA operates an unemployment compensation program for 157 hospitals and healthcare organizations. It also conducts a group rated worker's compensation program for 35 member hospitals, resulting in savings for individual hospitals in the thousands of dollars every year while also providing education and cost control services. In 1999, OHA formed a wholly owned for-profit corporation, Ohio Healthcare Purchasing, Inc. d/b/a OHA Solutions, for the purpose of achieving purchasing efficiencies for OHA members. OHA Solutions contracts with 89 medical staffing agencies and branches from across the nation to help over 100 participating OHA member hospitals fill both per diem and long-term staff vacancies.

Responding to inquiries and complaints is dependent on the nature of the inquiry. All types of calls will be accepted by the OHA on behalf of OHA Solutions. The general contact information for member communications is: phone: (614) 221-7614; e-mail <http://www.ohanet.org>. In addition, Richard Sites, General Counsel & Senior Director of Health Policy, will be the primary contact for responding to customer inquiries and complaints relating to OHA Solutions' energy aggregation activities. Calls concerning billing, technical issues, or electric service will be directed to the relevant competitive retail electric service provider or electric distribution utility.

Exhibit B-3 “Summary of Experience”

The OHA endorsed a natural gas supplier in 1998 following a request for proposals (RFP) process. The endorsed natural gas supplier emerging from that RFP was Interstate Gas Supply (“IGS”). OHA negotiated a master contract with IGS that required IGS to use an OHA-approved supply contract and a pricing formula based on NYMEX, and also to pay OHA a modest administrative fee. In 2006, OHA changed its endorsed supplier following another RFP process, selecting Stand Energy Corporation, and obligating that company to supply hospitals using an OHA-approved contract and to pay OHA a modest administrative fee. Revenue

from the administrative fee was used, in part, to hire long-time energy consultant Ann McGregor to complete billing audits and price comparisons when a hospital was considering several supply offers. The arrangement with Stand Energy Corporation continues to this day, with almost 30 Ohio hospitals receiving natural gas from that company. This natural gas program in recent years has been operated under OHA's affiliate, Ohio Healthcare Purchasing, Inc. (d/b/a OHA Solutions, Inc.), a for-profit corporation.

The OHA has been active before the Public Utilities Commission of Ohio ("PUCO") since at least 2001 when the PUCO first consider rate transition plans ("RTP") following enactment of legislation intended to deregulate Ohio's electricity market. As a result of the resolution of the RTP cases, OHA helped hospitals located in American Electric Power, Cinergy (now Duke Ohio), and FirstEnergy Company service areas to switch to competitive retail electric service providers or otherwise obtained rates at a discount from tariff. For example, OHA directed an RFP process in 2001 that resulted in every Cincinnati hospital switching to a CRES provider.

OHA has accomplished the above programs by using experienced legal counsel (including OHA's General Counsel, Richard Sites), and energy consultant Ann McGregor. Since 2009, Ms. McGregor has been assisting OHA on a full-time basis in helping hospitals apply for electric utility energy efficiency financial incentives, analyzing alternative energy purchase arrangements, and obtaining energy usage information for purposes of benchmarking and energy procurement options. She will continue to assist with the aggregation activities being pursued by OHA Solutions.

Exhibit B-4 "Disclosure of Liabilities and Investigations"

OHA Solutions has no existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide service it is seeking to be certified to provide.

C. APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

Ohio Healthcare Purchasing, Inc., d/b/a OHA Solutions, Inc.

Exhibit C-1 “Annual Reports”

OHA Solutions is a privately-held company and is not required to prepare annual reports.

Exhibit C-2 “SEC Filings”

OHA Solutions is a wholly owned subsidiary of the OHA. Neither the OHA nor OHA Solutions are publicly owned, and therefore are not required to make filings with the Securities and Exchange Commission.

Exhibit C-3 “Financial Statements”

Copies of The Ohio Hospital Association Consolidated Financial Statements are attached hereto as Exhibit 3.

Exhibit C-4 “Financial Arrangements”

The OHA Solutions has no guarantees, bank commitments, financial contract arrangements, or credit agreements to conduct CRES as a business activity. The funding necessary for the OHA Solutions to conduct energy aggregation activities will be provided by the parent company (OHA), or via agreement with a competitive retail electric service provider. The statement verifying that the OHA will guarantee the obligations of the OHA Solutions in its role as an energy aggregator is contained in Exhibit 4.

Exhibit C-5 “Forecasted Financial Statements”

OHA Solutions does not complete forecasted financials.

Exhibit C-6 “Credit Rating”

The credit rating information of the OHA (the parent company of OHA Solutions) can be found in the Dun & Bradstreet Information Report attached as Exhibit 5. The statement verifying that the OHA will guarantee the obligations of the OHA Solutions in its role as an energy aggregator is contained in Exhibit 4.

Exhibit C-7 “Credit Report”

A Dun & Bradstreet Information Report for the OHA (the parent company of OHA Solutions) is attached as Exhibit 5.

Exhibit C-8 “Bankruptcy Information”

No reorganization, protection from creditors or any other form of bankruptcy has ever been filed by the OHA or the OHA Solutions.

Exhibit C-9 “Merger Information”

Neither the OHA nor the OHA Solutions have been involved in any mergers, dissolutions or acquisitions in the past five years.

**OHIO HOSPITAL ASSOCIATION,
OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED
WORKERS' COMPENSATION PROGRAM,
INC., AND OHIO HEALTHCARE
PURCHASING, INC.**

**CONSOLIDATED FINANCIAL
STATEMENTS**

December 31, 2009 and 2008

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
Columbus, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

CONTENTS

REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS.....	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	6
SUPPLEMENTAL INFORMATION	
REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION.....	16
DETAILS OF CONSOLIDATED BALANCE SHEET	17
DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	19



Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Ohio Hospital Association
Columbus, Ohio

We have audited the accompanying consolidated balance sheets of Ohio Hospital Association, Ohio Hospital Capital, Inc., Ohio Hospital Group Rated Workers' Compensation Program, Inc., and Ohio Healthcare Purchasing, Inc. (dba OHA Solutions), collectively "the Association," as of December 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Association has not consolidated the financial statements of OHA Holdings, Inc. as of and for the years ended December 31, 2009 and 2008, which, in our opinion, should be consolidated in order to conform with accounting principles generally accepted in the United States of America. The Association has accounted for its investment in OHA Holdings, Inc. using the equity method of accounting. If OHA Holdings Inc. were consolidated, the Association's total assets and liabilities including minority interest would be increased by \$37,025,000 and \$35,648,000 at December 31, 2009 and 2008, respectively. Reported unrestricted revenues and expenses would be increased by \$7,167,000 and \$8,684,000 for the years ended December 31, 2009 and 2008, respectively.

(Continued)

In our opinion, except for the effects on the consolidated financial statements of not consolidating the financial statements of OHA Holdings, Inc. as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ohio Hospital Association, Ohio Hospital Capital, Inc., Ohio Hospital Group Rated Workers' Compensation Program, Inc., and Ohio Healthcare Purchasing, Inc. at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
June 15, 2010

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,621,995	\$ 3,730,289
Investments (Note 2)	14,382,123	13,112,632
Investment in OHA Holdings, Inc. (Note 1)	11,371,101	10,560,500
Accounts receivable, net of allowance for uncollectible accounts	8,400,220	8,531,616
Prepaid expenses and other receivables	<u>119,993</u>	<u>26,344</u>
Total current assets	37,895,432	35,961,381
Unemployment program		
Cash and cash equivalents	469,226	411,982
Investments (Note 2)	<u>1,570,469</u>	<u>1,262,675</u>
	2,039,695	1,674,657
Legal issues		
Cash and cash equivalents	266,819	218,234
Property and equipment, net (Note 3)	<u>1,071,212</u>	<u>1,288,477</u>
Total assets	<u>\$ 41,273,158</u>	<u>\$ 39,142,749</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,003,099	\$ 2,041,084
Compensation and related liabilities	1,489,220	1,122,288
Deferred income		
Membership dues	7,054,452	7,592,845
AHA dues collected	82,612	19,546
Annual meeting	62,813	7,200
Data income	<u>845,024</u>	<u>1,011,148</u>
Total current liabilities	10,537,220	11,794,111
Unrestricted net assets		
General operations	20,235,708	19,630,332
Board designated		
Ohio Hospital Insurance Corporation	8,193,716	5,825,415
Unemployment program	2,039,695	1,674,657
Legal issues	<u>266,819</u>	<u>218,234</u>
	<u>10,500,230</u>	<u>7,718,306</u>
Total net assets	<u>30,735,938</u>	<u>27,348,638</u>
Total liabilities and net assets	<u>\$ 41,273,158</u>	<u>\$ 39,142,749</u>

See accompanying notes to consolidated financial statements.

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues and gains		
Membership dues	\$ 6,125,961	\$ 6,095,154
Program and services income	5,262,485	6,652,541
Bond administration income	10,461	17,824
Special assessments	765,345	160,172
Miscellaneous	<u>78,591</u>	<u>64,156</u>
Total unrestricted revenues and gains	12,242,843	12,989,847
Expenses		
Salaries and wages	4,433,701	4,921,894
Program and services expense	2,366,504	2,923,358
Rent and utilities	743,605	608,377
Pension plan contributions (Note 5)	1,050,386	686,698
Payroll taxes	262,309	310,886
Employee health insurance	565,741	673,298
Committees' and trustees' expense	291,211	315,209
Travel	216,714	191,871
Postage	62,338	68,252
Depreciation and amortization	654,938	583,032
Office supplies	116,714	78,835
Telephone	83,671	65,530
Equipment maintenance	75,624	47,597
Dues and subscriptions	117,457	129,116
Professional services	985,610	694,323
Insurance	21,997	2,507
Education subsidy	651,000	491,000
Miscellaneous	<u>309,722</u>	<u>198,610</u>
Total expenses	13,009,242	12,990,393
Revenue in deficit of expenses before other income	(766,399)	(546)
Other income		
Investment income (Note 2)	3,343,098	(6,919,110)
Gain on equity investment in OHA Holdings, Inc. (Note 1)	<u>810,601</u>	<u>311,381</u>
Change in unrestricted net assets	3,387,300	(6,608,275)
Net assets at the beginning of the year	<u>27,348,638</u>	<u>33,956,913</u>
Net assets at end of the year	<u>\$ 30,735,938</u>	<u>\$ 27,348,638</u>

See accompanying notes to consolidated financial statements.

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating activities		
Change in net assets	\$ 3,387,300	\$ (6,608,275)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	715,641	685,486
Provision for doubtful accounts	99,000	71,000
Gain on equity investment in OHA Holdings, Inc.	(810,601)	(311,381)
Net realized and unrealized (gains/losses) on investments	(3,130,271)	7,422,938
Change in assets and liabilities		
Accounts receivable	32,396	236,441
Prepaid expenses	(93,649)	(2,144)
Accounts payable and accrued expenses	(1,037,985)	(1,243,847)
Compensation and related liabilities	366,932	(197,029)
Deferred income	<u>(585,838)</u>	<u>751,669</u>
Net cash provided by (used in) operating activities	(1,057,075)	804,858
Investing activities		
Purchase of property and equipment, net	(498,376)	(946,780)
Purchases of investments	(105,829)	(79,371)
Proceeds from sales of investments	<u>1,552,986</u>	<u>117,199</u>
Net cash provided by (used in) investing activities	<u>948,781</u>	<u>(908,952)</u>
Net change in cash and cash equivalents	(108,294)	(104,094)
Cash and cash equivalents at beginning of year	<u>3,730,289</u>	<u>3,834,383</u>
Cash and cash equivalents at end of year	<u>\$ 3,621,995</u>	<u>\$ 3,730,289</u>

See accompanying notes to consolidated financial statements.

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ohio Hospital Association ("OHA") is a not-for-profit trade association which conducts government relations, provides services to members, and sponsors varied activities including institutes, committees, conventions, and research for its members, primarily hospitals, related health service institutions, and individuals.

In 1986, OHA formed a not-for-profit corporation, Ohio Hospital Capital, Inc. ("OHC"), which was organized for the purpose of administering hospital tax-exempt financing programs. OHA is the sole corporate member of OHC.

In 1991, OHA established Ohio Hospital Group Rated Workers' Compensation Program, Inc. ("the Program") to provide group rated workers' compensation insurance to OHA members. OHA is the sole corporate member of the Program.

In 1999, OHA formed a wholly owned for-profit limited liability corporation, Ohio Healthcare, Purchasing, Inc. (dba OHA Solutions), which began operations in 2004 and was organized for the purpose of achieving purchasing efficiencies for OHA members.

The organizations consolidated herein are essentially membership service organizations and, as such, all expenses of these organizations are functionally classified as membership service. The accounting policies that affect significant elements of the consolidated financial statements are summarized as follows:

Basis of Presentation: The accompanying consolidated financial statements include the accounts of OHA, the Program, OHC and Ohio Healthcare Purchasing, Inc. (collectively referred to herein as "the Association"). 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 requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates

Cash and Cash Equivalents: The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Federal Deposit Insurance Corporation insures balances of up to \$250,000. The Association has bank balances that were approximately \$3,036,000 and \$3,546,000 in excess of that limit as of December 31, 2009 and 2008.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. The fair value of investments is determined based on quoted market prices. Investment income or loss (including interest, dividends, realized gains and losses on the sale of investments and the change in unrealized gains and losses on investments) is included in the change in net assets.

Investment in OHA Holdings, Inc.: OHA Holdings, Inc. was incorporated as an Ohio for-profit corporation in September, 2003 for the primary purpose of being the holding company for OHA Insurance Solutions, Inc. OHA Insurance Solutions, Inc. is also an Ohio for-profit corporation and was formed to provide professional liability insurance to health care professionals associated with OHA members.

The common stock of OHA Holdings, Inc. is made up of two classes - Class A and Class B. Class A common shares are held by OHA member hospital investors and possibly affiliated physician groups. Except with respect to the election of Directors, holders of Class A common shares have no voting power. The holders of Class B common shares have exclusive voting rights for all other purposes, including a) any merger, consolidation, or sale of assets, liquidation or dissolution of the corporation, and b) any amendment to the Articles of Incorporation or regulations of OHA Holdings, Inc.

In exchange for all 30,000 Class B common shares, OHA contributed capital of \$10,000,000 to OHA Holdings. OHA Holdings, Inc. began operations in 2004.

OHA has accounted for this investment using the equity method of accounting. To conform with accounting principles generally accepted in the United States, OHA should consolidate the financial statements of OHA Holdings, Inc. Consolidating OHA Holdings, Inc. would increase reported total assets and liabilities including minority interest of OHA by \$37,025,000 and \$35,648,000 at December 31, 2009 and 2008. Reported unrestricted revenues and expenses would be increased by \$7,167,000 and \$8,684,000 for the years ended December 31, 2009 and 2008.

The financial statements of OHA Holdings, Inc. are summarized as follows:

	Year Ended December 31,	
	<u>2009</u>	<u>2008</u>
Assets	\$ 48,396,000	\$ 46,208,000
Liabilities	21,218,000	20,831,000
Total revenue	7,978,000	8,995,000
Net income	198,000	1,709,000

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Office equipment, automobiles and leasehold improvements are stated at cost. It is the policy of OHA to capitalize additions with a unit cost of \$350 or more. OHA uses the straight-line method to depreciate the cost of office equipment and automobiles over their estimated useful lives. Leasehold improvements are depreciated over the remaining lease term using the straight-line method.

Revenue and Receivables: Membership dues and program and service income are reported as it is earned. Membership dues that have been received but not earned at the end of the year are reported as deferred income.

Accounts receivables represent amounts billed for dues and other services not collected at December 31. Interest is not charged on past due accounts. Management establishes a reserve for losses on its accounts based on historic loss experience and current economic conditions. Losses are charged off to the reserve when management deems further collection efforts will not produce additional recoveries. At December 31, 2009 and 2008, an allowance for uncollectible accounts of \$170,000 and \$71,000 was recorded.

Income Taxes: The Internal Revenue Service has ruled that OHA, the Program and OHC are tax-exempt organizations as defined under Sections 501(c)(6) and 501(c)(4), respectively, of the Internal Revenue Code. OHA and the Program are not subject to federal income taxes, except for income from unrelated business activities, if any. Management does not believe there is any significant tax liabilities related to Ohio Healthcare Purchasing, Inc. Accordingly, no provision for federal income taxes has been made in the consolidated financial statements.

Generally accepted accounting standards prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at December 31, 2009 and 2008.

The Association would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Association has no amounts accrued for interest or penalties as of December 31, 2009 and 2008. The Association has a tax receivable of approximately \$110,000 as of December 31, 2009 related to The Unemployment Compensation and Ohio Solutions.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Functional Expenses: The Association is considered to have one program purpose that is for the benefit and advocacy of its members. Therefore it has elected not to include a Statement of Functional Expenses in these consolidated financial statements.

Fair Value of Financial Instruments: Generally accepted accounting standards defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Association's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association's carrying amount for its financial instruments, which include cash, cash equivalents, accounts receivable, investments and accounts payable at December 31, 2009 and 2008 are carried at their estimated fair values. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data and developing these estimates.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2009 to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended December 31, 2009. Management has performed their analysis of subsequent events through June 15, 2010, the date the financial statements were available to be issued. Management has determined no subsequent events have occurred requiring disclosure in these consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2008 amounts to conform to the 2009 financial statement presentation. These reclassifications had no effect on previously reported 2008 results of activities.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 2 - INVESTMENTS

Investments are summarized as follows:

	December 31,	
	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 230,411	\$ 162,421
Bond mutual funds	1,917,512	2,154,650
Equity mutual funds	11,266,190	10,094,428
Equities	898,071	701,133
Bonds	<u>69,939</u>	<u>-</u>
	<u>\$ 14,382,123</u>	<u>\$ 13,112,632</u>

Unemployment program investments are summarized as follows:

	December 31,	
	<u>2009</u>	<u>2008</u>
Bonds mutual funds	\$ 296,805	\$ 223,690
Equities	<u>1,273,664</u>	<u>1,038,985</u>
	<u>\$ 1,570,469</u>	<u>\$ 1,262,675</u>

Investment income is comprised of the following:

	Years Ended December 31,	
	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 212,827	\$ 503,828
Realized gains/(losses) on the sale of investments	(2,005,885)	(1,424,468)
Net change in unrealized gains/(losses) on investments	<u>5,136,156</u>	<u>(5,998,470)</u>
	<u>\$ 3,343,098</u>	<u>\$ (6,919,110)</u>

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 137,178	\$ 95,896
Office equipment	2,908,833	2,481,739
Automobiles	<u>299,293</u>	<u>269,293</u>
	3,345,304	2,846,928
Less accumulated depreciation and amortization	<u>(2,274,092)</u>	<u>(1,558,451)</u>
	<u>\$ 1,071,212</u>	<u>\$ 1,288,477</u>

NOTE 4 - OPERATING LEASES

OHA currently leases office space and certain equipment under non-cancelable leases. Future minimum rental payments by year are as follows:

2010	\$ 633,080
2011	633,442
2012	633,815
2013	<u>495,662</u>
Total	<u>\$ 2,395,999</u>

Lease expense for 2009 and 2008 was \$677,982 and \$650,344.

NOTE 5 - PENSION PLAN

OHA has a defined contribution pension plan ("the Plan") covering substantially all of its employees. The Plan provides pension benefits that are based on the employees' annual compensation. OHA also has a defined contribution supplemental executive retirement plan for the President and Chief Executive Officer. Under the President and Chief Executive Officer's employment agreement, OHA is required to make agreed upon annual contributions to the plan. Total pension expense was approximately \$1,050,000 and \$687,000 in 2009 and 2008, including approximately \$661,900 and \$292,600, respectively, for the supplemental executive retirement plan ("SERP"). As of December 31, 2009, the Association accrued approximately \$220,000 for the final SERP payment to be made.

In addition, OHA has deferred compensation programs for its key employees. The plans are funded by contributions from the employees' compensation. The assets and a corresponding liability for these plans are included in the financial statements.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 6 - RELATED-PARTY TRANSACTIONS

The Political Action Committee of The Ohio Hospital Association, The Research and Educational Foundation of the Ohio Hospital Association ("REF"), The Foundation for Healthy Communities of the Ohio Hospital Association ("FHC"), and The Ohio Health Council of the Ohio Hospital Association ("OHC") are affiliated organizations of OHA. OHA provides certain administrative functions for these affiliated organizations. OHA offsets expenses incurred on behalf of and reimbursed by related parties. These expenses were approximately \$675,000 and \$1,060,000 in 2009 and 2008.

In 2009, OHC pledged \$200,000 to FHC and \$100,000 to REF. The Worker's Compensation Program pledged \$300,000 to FHC and \$110,000 to REF. At December 31, 2009, \$410,000 remained payable to these organizations. The outstanding balances were paid in 2010.

NOTE 7 - CONTINGENCIES

Prior to 2008, OHA was involved in an investigation by the Internal Revenue Service of certain transactions which are incidental to its normal business activities. During 2008, the liability with respect to this investigation was settled and had no materially affect on the net assets of OHA.

OHA is involved in various legal proceedings, actions and claims arising in the normal course of business. In the opinion of management, OHA's liability, if any, under these matters will not materially affect its financial statements.

NOTE 8 - FAIR VALUE

The Association determines the fair market values of its financial instruments based on the fair value hierarchy established by generally accepted accounting standards, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 8 - FAIR VALUE (Continued)

Generally accepted accounting standards describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 8 - FAIR VALUE (Continued)

Assets and liabilities are measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2009 Using Quoted Prices in		
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 230,411	\$ -	\$ -
Bond mutual funds	2,214,317	-	-
Equity mutual funds	11,266,190	-	-
Equities:			
Energy	482,116		
Healthcare	360,303		
Industrial	294,061		
Consumer Discretionary	156,542		
Consumer Staples	235,293		
Financials	345,899		
Information Technology	171,585		
Utilities	85,283		
Materials and other	40,652		
Government and government sponsored equity bonds	-	69,939	-
	<u>\$ 15,882,652</u>	<u>\$ 69,939</u>	<u>\$ -</u>

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL
GROUP RATED WORKERS' COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 8 - FAIR VALUE (Continued)

	Fair Value Measurements at December 31, 2008 Using Quoted Prices in		
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 162,470	\$ -	\$ -
Bond mutual funds	2,378,340	-	-
Equity mutual funds	10,094,429	-	-
Equities	1,740,118	-	-
Government and government sponsored equity bonds	-	-	-
	<u>\$ 14,375,357</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of the U.S. Treasury Bonds were determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

SUPPLEMENTAL INFORMATION



Crowe Horwath^{LLP}

Crowe Horwath LLP

Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTAL INFORMATION

The Board of Directors
Ohio Hospital Association

Our report on our audit of the 2009 consolidated financial statements of Ohio Hospital Association, Ohio Hospital Capital, Inc., Ohio Hospital Group Rated Workers' Compensation Program, Inc., and Ohio Healthcare Purchasing, Inc. (dba OHA Solutions) appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following details of consolidated balance sheet and details of consolidated statement of activities and changes in net assets is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of the Association. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, except for the effects on the details of consolidated balance sheet and details of consolidated statement of activities and changes in net assets of not consolidating the financial statements of OHA Holdings, Inc. as explained in the third paragraph of our audit report on page 1, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
June 15, 2010

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS'
COMPENSATION PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.

DETAILS OF CONSOLIDATED BALANCE SHEET

December 31, 2009

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,745,507	\$ 144,703	\$ 717,064	\$ 14,721	\$ -	\$ 3,621,995
Investments	12,120,762	1,452,945	808,416	-	-	14,382,123
Investment in OHA Holdings, Inc.	11,371,101	-	-	-	-	11,371,101
Accounts receivable, net of allowance for uncollectible accounts	8,455,347	-	36,250	44,942	(136,319)	8,400,220
Prepaid expenses and other receivables	66,195	-	-	53,798	-	119,993
Unemployment program						
Cash and cash equivalents	469,226	-	-	-	-	469,226
Investments	1,570,469	-	-	-	-	1,570,469
Legal issues						
Cash and cash equivalents	266,819	-	-	-	-	266,819
Property and equipment, net	<u>1,071,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071,212</u>
Total assets	\$ <u>38,136,638</u>	\$ <u>1,597,648</u>	\$ <u>1,561,730</u>	\$ <u>113,461</u>	\$ <u>(136,319)</u>	\$ <u>41,273,158</u>

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS'
COMPENSATION PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED BALANCE SHEET

December 31, 2009

	<u>Ohio Hospital Association</u>	<u>Ohio Hospital Capital, Inc.</u>	<u>Ohio Hospital Group Rated Workers' Compensation Program, Inc.</u>	<u>Ohio Healthcare Purchasing, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued expenses	\$ 602,483	\$ 201,301	\$ 212,438	\$ 123,196	\$ (136,319)	\$ 1,003,099
Compensation and related liabilities	1,489,220	-	-	-	-	1,489,220
Deferred income						
Memberships dues	7,054,452	-	-	-	-	7,054,452
AHA dues collected	82,612	-	-	-	-	82,612
Annual meeting	62,813	-	-	-	-	62,813
Data income	845,024	-	-	-	-	845,024
Total liabilities	10,136,604	201,301	212,438	123,196	(136,319)	10,537,220
Unrestricted net assets						
General operations	17,499,804	1,396,347	1,349,292	(9,735)	-	20,235,708
Board designated						
Ohio Hospital Insurance Corporation	8,193,716	-	-	-	-	8,193,716
Unemployment program	2,039,695	-	-	-	-	2,039,695
Legal issues	266,819	-	-	-	-	266,819
	10,500,230	-	-	-	-	10,500,230
Total net assets	28,000,034	1,396,347	1,349,292	(9,735)	-	30,735,938
Total liabilities and net assets	\$ 38,136,638	\$ 1,597,648	\$ 1,561,730	\$ 113,461	\$ (136,319)	\$ 41,273,158

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS'
COMPENSATION PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2009

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
Changes in unrestricted net assets						
Revenues and gains						
Memberships dues	\$ 6,125,961	\$ -	\$ -	\$ -	\$ -	\$ 6,125,961
Program and services income	3,305,906	-	1,553,756	402,823	-	5,262,485
Bond administration income	-	10,461	-	-	-	10,461
Special assessments	765,345	-	-	-	-	765,345
Miscellaneous	78,591	-	-	-	-	78,591
Total unrestricted revenues and gains	10,275,803	10,461	1,553,756	402,823	-	12,242,843
Expenses						
Salaries and wages	4,370,727	1,294	2,439	164,260	(105,019)	4,433,701
Program and services expense	1,358,230	-	1,105,785	-	(97,511)	2,366,504
Rent and utilities	623,938	2,997	2,407	154,728	(40,465)	743,605
Pension plan contributions	1,039,598	7	-	10,781	-	1,050,386
Payroll taxes	249,875	-	-	12,434	-	262,309
Employee health insurance	538,717	-	-	27,024	-	565,741
Committees' and trustees' expense	335,472	120	-	2,832	(47,213)	291,211
Travel	244,931	-	-	12,248	(40,465)	216,714
Postage	75,827	-	-	-	(13,489)	62,338
Depreciation and amortization	690,285	-	-	25,356	(60,703)	654,938
Office supplies	136,946	-	-	-	(20,232)	116,714
Telephone	83,829	-	-	6,584	(6,742)	83,671

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS'
COMPENSATION PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2009

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
Expenses (continued)						
Equipment maintenance	\$ 95,086	\$ -	\$ -	\$ 7,518	\$ (26,980)	\$ 75,624
Dues and subscriptions	114,857	-	-	2,600	-	117,457
Professional services	747,049	2,000	350,042	75,365	(188,846)	985,610
Insurance	48,974	-	-	-	(26,977)	21,997
Education subsidy	40,000	301,000	310,000	-	-	651,000
Miscellaneous	290,800	884	-	18,038	-	309,722
	<u>11,085,141</u>	<u>308,302</u>	<u>1,770,673</u>	<u>519,768</u>	<u>(674,642)</u>	<u>13,009,242</u>
Less reimbursement of costs from affiliated organizations	<u>(674,642)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674,642</u>	<u>-</u>
Total expenses	<u>10,410,499</u>	<u>308,302</u>	<u>1,770,673</u>	<u>519,768</u>	<u>-</u>	<u>13,009,242</u>
Revenue in excess (deficit) of expenses before other income	(134,696)	(297,841)	(216,917)	(116,945)	-	(766,399)
Other income						
Investment income	2,829,898	330,335	180,982	1,883	-	3,343,098
Gain on equity investment in OHIA Holdings, Inc.	<u>810,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810,601</u>
Change in net assets	3,505,803	32,494	(35,935)	(115,062)	-	3,387,300
Net assets at the beginning of the year	<u>24,494,231</u>	<u>1,363,853</u>	<u>1,385,227</u>	<u>105,327</u>	<u>-</u>	<u>27,348,638</u>
Net assets at the end of the year	<u>\$ 28,000,034</u>	<u>\$ 1,396,347</u>	<u>\$ 1,349,292</u>	<u>\$ (9,735)</u>	<u>\$ -</u>	<u>\$ 30,735,938</u>

**OHIO HOSPITAL ASSOCIATION,
OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS'
COMPENSATION PROGRAM, INC., AND OHIO
HEALTHCARE PURCHASING, INC.**

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

OHIO HOSPITAL ASSOCIATION,
OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
Columbus, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	2
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	3
CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	5
SUPPLEMENTAL INFORMATION	
REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION	13
DETAILS OF CONSOLIDATED BALANCE SHEET	14
DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	16

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Ohio Hospital Association
Columbus, Ohio

We have audited the accompanying consolidated balance sheets of Ohio Hospital Association, Ohio Hospital Capital, Inc., Ohio Hospital Group Rated Workers' Compensation Program, Inc., and Ohio Healthcare Purchasing, Inc. (dba OHA Solutions), collectively "the Association," as of December 31, 2010 and 2009, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Association has not consolidated the financial statements of OHA Holdings, Inc. as of and for the years ended December 31, 2010 and 2009, which, in our opinion, should be consolidated in order to conform with accounting principles generally accepted in the United States of America. The Association has accounted for its investment in OHA Holdings, Inc. using the equity method of accounting. If OHA Holdings Inc. were consolidated at December 31, 2010 and 2009, the Association's total assets and its liabilities and noncontrolling interests would be increased by \$38,151,000 and \$37,025,000 at December 31, 2010 and 2009, respectively. Reported unrestricted revenues and expenses would be increased by \$7,450,000 and \$7,167,000 for the years ended December 31, 2010 and 2009, respectively.

In our opinion, except for the effects on the consolidated financial statements of not consolidating the financial statements of OHA Holdings, Inc. as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ohio Hospital Association, Ohio Hospital Capital, Inc., Ohio Hospital Group Rated Workers' Compensation Program, Inc., and Ohio Healthcare Purchasing, Inc. at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Crowe Horwath LLP

Columbus, Ohio
June 14, 2011

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,779,876	\$ 2,348,576
Investments	14,239,137	12,872,913
Accounts receivable, net of allowance for uncollectible accounts	8,776,816	8,064,184
Accounts receivable, related parties	30,167	282,525
Prepaid expenses and other receivables	62,508	119,993
Total current assets	<u>26,888,504</u>	<u>23,688,191</u>
Unemployment program		
Cash and cash equivalents	378,478	469,226
Investments	<u>1,850,751</u>	<u>1,570,469</u>
	2,229,229	2,039,695
Legal issues		
Cash and cash equivalents	320,213	266,819
Strategic issues		
Cash and cash equivalents	670,295	1,273,419
Investments	<u>2,416,353</u>	<u>1,509,210</u>
	3,086,648	2,782,629
Investment in OHA Holdings, Inc.	11,659,118	11,371,101
Property and equipment, net	<u>980,754</u>	<u>1,071,212</u>
Total assets	<u>\$ 45,164,466</u>	<u>\$ 41,219,647</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 256,929	\$ 491,395
Accounts payable, related parties	123,898	410,000
Compensation and related liabilities	1,937,079	1,537,413
Deferred income		
Membership dues	7,061,602	6,904,452
AHA dues collected	-	82,612
Annual meeting	76,400	62,813
Data income	430,110	845,024
Energy program	<u>298,942</u>	<u>150,000</u>
Total current liabilities	10,184,960	10,483,709
Unrestricted net assets		
Undesignated	20,937,182	18,204,656
Board designated		
Invested OHIC sales proceeds	8,406,234	7,442,139
Unemployment program	2,229,229	2,039,695
Legal issues	320,213	266,819
Strategic issues	<u>3,086,648</u>	<u>2,782,629</u>
	14,042,324	12,531,282
Total net assets	<u>34,979,506</u>	<u>30,735,938</u>
Total liabilities and net assets	<u>\$ 45,164,466</u>	<u>\$ 41,219,647</u>

See accompanying notes to consolidated financial statements.

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues and gains		
Membership dues	\$ 6,404,114	\$ 6,125,961
Program and services income	5,031,560	5,262,485
Bond administration income	140,781	10,461
Special assessments	504,500	765,345
Other	<u>1,141,845</u>	<u>78,591</u>
Total unrestricted revenues and gains	13,222,800	12,242,843
Expenses		
Salaries and wages	4,997,080	4,433,701
Program and services expense	1,837,195	2,366,504
Rent and utilities	592,870	743,605
Pension plan contributions	388,451	1,050,386
Payroll taxes	328,335	262,309
Employee health insurance	655,386	565,741
Committees' and trustees' expense	298,748	291,211
Travel	202,335	216,714
Postage	73,484	62,338
Depreciation and amortization	439,524	654,938
Office supplies	123,832	116,714
Telephone	67,847	83,671
Equipment maintenance	68,967	75,624
Dues and subscriptions	129,178	117,457
Professional services	851,906	985,610
Insurance	28,339	21,997
Education subsidy	151,000	651,000
Miscellaneous	<u>130,594</u>	<u>309,722</u>
Total expenses	11,365,071	13,009,242
Revenue in excess (deficit) of expenses before other income	1,857,729	(766,399)
Other income		
Investment income	2,097,822	3,343,098
Gain on equity investment in OHA Holdings, Inc.	<u>288,017</u>	<u>810,601</u>
Change in unrestricted net assets	4,243,568	3,387,300
Net assets at the beginning of the year	<u>30,735,938</u>	<u>27,348,638</u>
Net assets at end of the year	<u>\$ 34,979,506</u>	<u>\$ 30,735,938</u>

See accompanying notes to consolidated financial statements.

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating activities		
Change in net assets	\$ 4,243,568	\$ 3,387,300
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	512,761	715,641
Provision for doubtful accounts	(55,000)	99,000
Gain on equity investment in OHA Holdings, Inc.	(288,017)	(810,601)
Net realized and unrealized (gains) on investments	(1,926,888)	(3,130,271)
Change in assets and liabilities		
Accounts receivable	(405,274)	85,907
Prepaid expenses	57,485	(93,649)
Accounts payable and accrued expenses	(520,568)	(1,139,689)
Compensation and related liabilities	399,666	415,125
Deferred income	<u>(177,847)</u>	<u>(585,838)</u>
Net cash provided by (used in) operating activities	1,839,886	(1,057,075)
Investing activities		
Purchase of property and equipment, net	(422,303)	(498,376)
Investment sales and purchases, net	<u>13,717</u>	<u>173,738</u>
Net cash used in investing activities	<u>(408,586)</u>	<u>(324,638)</u>
Net change in cash and cash equivalents	1,431,300	(1,381,713)
Cash and cash equivalents at beginning of year	<u>2,348,576</u>	<u>3,730,289</u>
Cash and cash equivalents at end of year	<u>\$ 3,779,876</u>	<u>\$ 2,348,576</u>

See accompanying notes to consolidated financial statements.

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ohio Hospital Association ("OHA") is a not-for-profit trade association which conducts government relations, provides services to members, and sponsors varied activities including institutes, committees, conventions, and research for its members, primarily hospitals, related health service institutions, and individuals.

In 1986, OHA formed a not-for-profit corporation, Ohio Hospital Capital, Inc. ("OHC"), which was organized for the purpose of administering hospital tax-exempt financing programs. OHA is the sole corporate member of OHC.

In 1991, OHA established Ohio Hospital Group Rated Workers' Compensation Program, Inc. ("the Program") to provide group rated workers' compensation insurance to OHA members. OHA is the sole corporate member of the Program.

In 1999, OHA formed a wholly owned for-profit limited liability corporation, Ohio Healthcare, Purchasing, Inc. (dba OHA Solutions), which began operations in 2004 and was organized for the purpose of achieving purchasing efficiencies for OHA members.

The organizations consolidated herein are essentially membership service organizations and, as such, all expenses of these organizations are functionally classified as membership service. The accounting policies that affect significant elements of the consolidated financial statements are summarized as follows:

Basis of Presentation: The accompanying consolidated financial statements include the accounts of OHA, the Program, OHC and Ohio Healthcare Purchasing, Inc. (collectively referred to herein as "the Association"). 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 requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Federal Deposit Insurance Corporation insures balances of up to \$250,000. The Association has bank balances that were approximately \$3,563,000 and \$3,036,000 in excess of that limit as of December 31, 2010 and 2009. For purposes of presentation on the statement of cash flows, the Association does not include cash and cash equivalents considered part of the assets to be used for board designated purposes.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. The fair value of investments is determined based on quoted market prices. Investment income or loss (including interest, dividends, realized gains and losses on the sale of investments and the change in unrealized gains and losses on investments) is included in the change in net assets.

Investment in OHA Holdings, Inc.: OHA Holdings, Inc. was incorporated as an Ohio for-profit corporation in September, 2003 for the primary purpose of being the holding company for OHA Insurance Solutions, Inc. OHA Insurance Solutions, Inc. is also an Ohio for-profit corporation and was formed to provide professional liability insurance to health care professionals associated with OHA members.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The common stock of OHA Holdings, Inc. is made up of two classes - Class A and Class B. Class A common shares are held by OHA member hospital investors and affiliated physician groups. Except with respect to the election of Trustees, holders of Class A common shares have no voting power. The holders of Class B common shares have exclusive voting rights for all other purposes, including a) any merger, consolidation, or sale of assets, liquidation or dissolution of the corporation, and b) any amendment to the Articles of Incorporation or regulations of OHA Holdings, Inc.

In exchange for all 30,000 Class B common shares, OHA contributed capital of \$10,000,000 to OHA Holdings. OHA Holdings, Inc. began operations in 2004.

OHA has accounted for this investment using the equity method of accounting. This method has been chosen because OHA believes it allows for a more specific presentation of the results of its membership activities. However, to conform with accounting principles generally accepted in the United States, OHA should consolidate the financial statements of OHA Holdings, Inc. Consolidating OHA Holdings, Inc. would increase reported total assets, liabilities and the net assets of noncontrolling interests as follows:

	2010	2009
Assets	\$ 38,151,000	\$ 37,025,000
Liabilities	21,940,000	21,218,000
Net assets of noncontrolling interests	16,211,000	15,807,000

Reported unrestricted revenues and expenses would be increased by \$7,450,000 and \$7,167,000 and for the years ended December 31, 2010 and 2009.

The financial statements of OHA Holdings, Inc. are summarized as follows:

	Year Ended December 31,	
	2010	2009
Assets	\$ 49,810,000	\$ 48,396,000
Liabilities	21,940,000	21,218,000
Total revenue	7,738,000	7,978,000
Net income	223,000	198,000

Property and Equipment: Office equipment, automobiles and leasehold improvements are stated at cost. It is the policy of the Association to capitalize additions with a unit cost of \$500 or more. The Association uses the straight-line method to depreciate the cost of office equipment and automobiles over their estimated useful lives. Leasehold improvements are depreciated over the remaining lease term using the straight-line method.

Impairment of Long-Lived Assets: The carrying value of the Association's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The Association considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Receivables: Membership dues and program and service income are reported as it is earned. Membership dues that have been received but not earned at the end of the year are reported as deferred income. In 2010 other income includes a \$1 million unrestricted contribution from an entity related to AEP-Ohio to promote programs and initiatives designed to bring energy related benefits to hospitals as those institutions continue to serve their communities.

Accounts receivables represent amounts billed for dues and other services not collected at December 31. Interest is not charged on past due accounts. Management establishes a reserve for losses on its accounts based on historic loss experience and current economic conditions. Losses are charged off to the reserve when management deems further collection efforts will not produce additional recoveries. At December 31, 2010 and 2009, an allowance for uncollectible accounts of \$115,000 and \$170,000 was recorded.

Net Assets: All of the net assets of the Association are unrestricted. However, the Board of the Association has designated certain portions of the net assets for specific purposes as shown on the Statement of Net Assets.

Income Taxes: The Internal Revenue Service has ruled that OHA, the Program and OHC are tax-exempt organizations as defined under Sections 501(c)(6) and 501(c)(4), respectively, of the Internal Revenue Code. OHA and the Program are not subject to federal income taxes, except for income from unrelated business activities, if any. Management does not believe there is any significant tax liabilities related to Ohio Healthcare Purchasing, Inc. Accordingly, no provision for federal income taxes has been made in the consolidated financial statements.

Generally accepted accounting principles prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at December 31, 2010.

The Association would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Association has no amounts accrued for interest or penalties as of December 31, 2010 and 2009. The Association has a tax receivable of approximately \$14,000 and \$110,000 as of December 31, 2010 and 2009, respectively, related to the Unemployment Compensation and Ohio Solutions. The Association does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Statement of Functional Expenses: The Association is considered to have one program purpose that is for the benefit and advocacy of its members. Therefore it has elected not to include a Statement of Functional Expenses in these consolidated financial statements.

Fair Value of Financial Instruments: Generally accepted accounting principles defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Association's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association's carrying amount for its financial instruments, which include cash, cash equivalents, accounts receivable, investments and accounts payable at December 31, 2010 and 2009 are carried at their estimated fair values. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data and developing these estimates.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2010 to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended December 31, 2010. Management has performed their analysis of subsequent events through June 14, 2011, the date the financial statements were available to be issued. Management has determined no subsequent events have occurred requiring disclosure in these consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2009 amounts to conform to the 2010 financial statement presentation. These reclassifications had no effect on previously reported 2009 net assets or results of activities.

NOTE 2 – INVESTMENTS

Investments are summarized as follows:

	December 31,	
	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 227,189	\$ 230,411
Bond mutual funds	1,404,519	1,881,252
Equity mutual funds	9,949,325	9,793,240
Equities	1,325,083	898,071
Exchange traded and closed ended funds	1,316,443	-
Bonds	16,578	69,939
	<u>\$ 14,239,137</u>	<u>\$ 12,872,913</u>

Unemployment program investments are summarized as follows:

	December 31,	
	<u>2010</u>	<u>2009</u>
Bonds mutual funds	\$ 337,676	\$ 296,805
Equities	1,513,075	1,273,664
	<u>\$ 1,850,751</u>	<u>\$ 1,570,469</u>

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 2 – INVESTMENTS (Continued)

Strategic issues investments are summarized as follows:

	December 31,	
	<u>2010</u>	<u>2009</u>
Bonds mutual funds	\$ 206,028	\$ 36,260
Equity mutual funds	1,628,052	1,472,950
Exchange traded and closed ended funds	396,542	-
Equities	169,154	-
Bonds	16,577	-
	<u>\$ 2,416,353</u>	<u>\$ 1,509,210</u>

Investment income is comprised of the following:

	Years Ended December 31,	
	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 278,847	\$ 306,642
Realized gains/(losses) on the sale of investments	168,345	(2,005,885)
Net change in unrealized gains on investments	1,758,543	5,136,156
Investment fees	(107,913)	(93,815)
	<u>\$ 2,097,822</u>	<u>\$ 3,343,098</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 137,178	\$ 137,178
Office equipment	3,274,365	2,908,833
Automobiles	293,198	299,293
	<u>3,704,741</u>	<u>3,345,304</u>
Less accumulated depreciation and amortization	(2,723,987)	(2,274,092)
	<u>\$ 980,754</u>	<u>\$ 1,071,212</u>

NOTE 4 – OPERATING LEASES

OHA currently leases office space and certain equipment under non-cancelable leases. Future minimum rental payments by year are as follows:

2011	\$ 663,207
2012	664,307
2013	523,173
Total	<u>\$ 1,850,687</u>

Lease expense for 2010 and 2009 was \$670,065 and \$677,982.

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 – PENSION PLAN

OHA has a defined contribution pension plan ("the Plan") covering substantially all of its employees. The Plan provides pension benefits that are based on the employees' annual compensation. OHA also has a defined contribution supplemental executive retirement plan for the President and Chief Executive Officer. Under the President and Chief Executive Officer's employment agreement, OHA is required to make agreed upon annual contributions to the plan. Total pension expense was approximately \$388,500 and \$1,050,000 in 2010 and 2009, including approximately \$661,900 for the supplemental executive retirement plan ("SERP") in 2009.

In addition, OHA has deferred compensation programs for its key employees. The plans are funded by contributions from the employees' compensation. The assets and a corresponding liability for these plans are included in the financial statements.

NOTE 6 – RELATED-PARTY TRANSACTIONS

The Political Action Committee of The Ohio Hospital Association, The Research and Educational Foundation of the Ohio Hospital Association ("REF"), The Foundation for Healthy Communities of the Ohio Hospital Association ("FHC"), and The Ohio Health Council of the Ohio Hospital Association ("OHC") are affiliated organizations of OHA. OHA provides certain administrative functions for these affiliated organizations. OHA offsets expenses incurred on behalf of and reimbursed by related parties. These expenses were approximately \$639,000 and \$675,000 in 2010 and 2009. OHA had an accounts payable to REF of \$123,898 at December 31, 2010 and an accounts receivable from REF of \$267,847 at December 31, 2009 for certain services. Additionally, as of December 31, 2010 and 2009, OHA had an accounts receivable from FHC of \$30,167 and \$14,678, respectively, for certain services.

In 2010, OHC contributed and paid \$100,000 to REF. In 2009, OHC pledged \$200,000 to FHC and \$100,000 to REF. The Worker's Compensation Program pledged \$300,000 to FHC and \$110,000 to REF. At December 31, 2009, \$410,000 remained payable to these organizations. The outstanding balances were paid in 2010.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Association is involved in various legal proceedings, actions and claims arising in the normal course of business. *In the opinion of management, the Association's liability, if any, under these matters will not materially affect its financial statements.*

As of December 31, 2010, OHA had entered into an employment agreement with one employee. Under the agreement, OHA is committed to pay certain benefits, including a monthly severance of approximately \$21,000 per month. The benefits are to be paid from the date of separation through February 2012.

NOTE 8 – FAIR VALUE

The Association determines the fair values of its financial instruments based on the fair value hierarchy established by generally accepted accounting principles, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Generally accepted accounting principles describes three levels within its hierarchy that may be used to measure fair value:

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 8 – FAIR VALUE (Continued)

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of the U.S. Treasury Bonds were determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

Assets and liabilities are measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2010 Using Quoted Prices in		
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 227,189	\$ -	\$ -
Mutual funds – bonds	1,948,223	-	-
Mutual funds – domestic equities	11,577,377	-	-
Exchange traded and closed ended funds - equities	1,347,371	-	-
Exchange traded and closed ended funds - bonds	365,614	-	-
Equities:			
Energy	561,411	-	-
Healthcare	398,451	-	-
Industrial	354,258	-	-
Consumer Discretionary	156,692	-	-
Consumer Staples	319,213	-	-
Financials	515,283	-	-
Information Technology	231,520	-	-
Utilities	57,129	-	-
Materials and other	413,355	-	-
Government and government sponsored equity bonds	-	33,155	-
	<u>\$ 18,473,086</u>	<u>\$ 33,155</u>	<u>\$ -</u>

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 8 – FAIR VALUE (Continued)

	Fair Value Measurements at December 31, 2009 Using Quoted Prices in		
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 230,411	\$ -	\$ -
Bond mutual funds	2,214,317	-	-
Equity mutual funds	11,266,190	-	-
Equities:			
Energy	482,116	-	-
Healthcare	360,303	-	-
Industrial	294,061	-	-
Consumer Discretionary	156,542	-	-
Consumer Staples	235,293	-	-
Financials	345,899	-	-
Information Technology	171,585	-	-
Utilities	85,283	-	-
Materials and other	40,653	-	-
Government and government sponsored equity bonds	-	69,939	-
	<u>\$ 15,882,653</u>	<u>\$ 69,939</u>	<u>\$ -</u>

SUPPLEMENTAL INFORMATION



Crowe Horwath.

Crowe Horwath LLP

Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTAL INFORMATION

The Board of Trustees
Ohio Hospital Association

Our report on our audit of the 2010 consolidated financial statements of Ohio Hospital Association, Ohio Hospital Capital, Inc., Ohio Hospital Group Rated Workers' Compensation Program, Inc., and Ohio Healthcare Purchasing, Inc. (dba OHA Solutions) appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following details of consolidated balance sheet and details of consolidated statement of activities and changes in net assets is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of the Association. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, except for the effects on the details of consolidated balance sheet and details of consolidated statement of activities and changes in net assets of not consolidating the financial statements of OHA Holdings, Inc. as explained in the third paragraph of our audit report on page 1, is fairly stated in all material respects in relation to the 2010 consolidated financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
June 14, 2011

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC.,
OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION PROGRAM, INC.,
AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED BALANCE SHEET
December 31, 2010

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,756,921	\$ 255,502	\$ 608,491	\$ 158,962	\$ -	\$ 3,779,876
Investments	11,949,130	1,352,046	937,961	-	-	14,239,137
Accounts receivable, net of allowance for uncollectible accounts	8,760,261	-	-	16,555	-	8,776,816
Accounts receivable, related parties	339,779	-	-	-	(309,612)	30,167
Prepaid expenses and other receivables	61,853	-	-	655	-	62,508
Unemployment program						
Cash and cash equivalents	378,478	-	-	-	-	378,478
Investments	1,850,751	-	-	-	-	1,850,751
Legal issues						
Cash and cash equivalents	320,213	-	-	-	-	320,213
Strategic issues						
Cash and cash equivalents	670,295	-	-	-	-	670,295
Investments	2,416,353	-	-	-	-	2,416,353
Investment in OHA Holdings, Inc. Property and equipment, net	11,659,118	-	-	-	-	11,659,118
	<u>980,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,754</u>
Total assets	\$ <u>42,143,906</u>	\$ <u>1,607,548</u>	\$ <u>1,546,452</u>	\$ <u>176,172</u>	\$ <u>(309,612)</u>	\$ <u>45,164,466</u>

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION
PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED BALANCE SHEET
December 31, 2010

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital/ Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued expenses	\$ 254,060	\$ 395	\$ -	\$ 2,474	\$ -	\$ 256,929
Accounts payable, related parties	123,898	5,700	417	303,495	(309,612)	123,898
Compensation and related liabilities	1,928,579	-	-	8,500	-	1,937,079
Deferred income						
Membership dues	7,061,602	-	-	-	-	7,061,602
Annual meeting	76,400	-	-	-	-	76,400
Data income	430,110	-	-	-	-	430,110
Energy program	298,942	-	-	-	-	298,942
Total liabilities	10,173,591	6,095	417	314,469	(309,612)	10,184,960
Unrestricted net assets						
General operations	17,927,991	1,601,453	1,546,035	(138,297)	-	20,937,182
Board designated						
Invested OHIC sales proceeds	8,406,234	-	-	-	-	8,406,234
Unemployment program	2,229,229	-	-	-	-	2,229,229
Legal issues	320,213	-	-	-	-	320,213
Strategic issues	3,086,648	-	-	-	-	3,086,648
	14,042,324	-	-	-	-	14,042,324
Total net assets	31,970,315	1,601,453	1,546,035	(138,297)	-	34,979,506
Total liabilities and net assets	\$ 42,143,906	\$ 1,607,548	\$ 1,546,452	\$ 176,172	\$ (309,612)	\$ 45,164,466

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION
PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2010

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
Changes in unrestricted net assets						
Revenues and gains						
Membership dues	\$ 6,403,979	\$ -	\$ 135	\$ -	\$ -	\$ 6,404,114
Program and services income	3,736,532	-	963,859	331,169	-	5,031,560
Bond administration income	-	140,781	-	-	-	140,781
Special assessments	504,500	-	-	-	-	504,500
Other	1,141,845	-	-	-	-	1,141,845
Total unrestricted revenues and gains	11,786,856	140,781	963,994	331,169	-	13,222,800
Expenses						
Salaries and wages	5,061,884	13,464	1,581	167,296	(247,145)	4,997,080
Program and services expense	1,177,176	-	660,019	-	-	1,837,195
Rent and utilities	629,760	6,152	2,323	156,644	(202,009)	592,870
Pension plan contributions	372,074	954	287	15,136	-	388,451
Payroll taxes	315,600	595	47	12,093	-	328,335
Employee health insurance	620,521	461	64	34,340	-	655,386
Committees' and trustees' expense	321,369	586	-	1,848	(25,055)	298,748
Travel	200,400	2,194	-	9,254	(9,513)	202,335
Postage	84,542	-	-	-	(11,058)	73,484
Depreciation and amortization	512,761	-	-	-	(73,237)	439,524
Office supplies	136,308	-	-	1,182	(13,658)	123,832
Telephone	63,435	-	-	4,412	-	67,847

(Continued)

OHIO HOSPITAL ASSOCIATION, OHIO HOSPITAL CAPITAL, INC., OHIO HOSPITAL GROUP RATED WORKERS' COMPENSATION
PROGRAM, INC., AND OHIO HEALTHCARE PURCHASING, INC.
DETAILS OF CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2010

	Ohio Hospital Association	Ohio Hospital Capital, Inc.	Ohio Hospital Group Rated Workers' Compensation Program, Inc.	Ohio Healthcare Purchasing, Inc.	Eliminations	Consolidated
Expenses (continued)						
Equipment maintenance	\$ 76,617	\$ -	\$ -	\$ 3,000	\$ (10,650)	\$ 68,967
Dues and subscriptions	124,013	-	-	6,964	(1,799)	129,178
Professional services	605,172	-	225,041	47,552	(25,859)	851,906
Insurance	47,187	-	-	-	(18,848)	28,339
Education subsidy	40,000	111,000	-	-	-	151,000
Miscellaneous	129,794	413	83	304	-	130,594
	<u>10,518,613</u>	<u>135,819</u>	<u>889,445</u>	<u>460,025</u>	<u>(638,831)</u>	<u>11,365,071</u>
Less reimbursement of costs from affiliated organizations	<u>(638,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,831</u>	<u>-</u>
Total expenses	<u>9,879,782</u>	<u>135,819</u>	<u>889,445</u>	<u>460,025</u>	<u>-</u>	<u>11,365,071</u>
Revenue in excess (deficit) of expenses before other income	1,907,074	4,962	74,549	(128,856)	-	1,857,729
Other income						
Investment income	1,775,190	200,144	122,194	294	-	2,097,822
Gain on equity investment in OHA Holdings, Inc.	<u>288,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,017</u>
Change in net assets	3,970,281	205,106	196,743	(128,562)	-	4,243,568
Net assets at the beginning of the year	<u>28,000,034</u>	<u>1,396,347</u>	<u>1,349,292</u>	<u>(9,735)</u>	<u>-</u>	<u>30,735,938</u>
Net assets at the end of the year	<u>\$ 31,970,315</u>	<u>\$ 1,601,453</u>	<u>\$ 1,546,035</u>	<u>\$ (138,297)</u>	<u>\$ -</u>	<u>\$ 34,979,506</u>


August 11, 2011

To Whom It May Concern:

RE: Exhibit C-4: Financial Arrangements

The Ohio Hospital Association guarantees the financial and performance obligations of its wholly owned subsidiary, Ohio Healthcare Purchasing dba OHA Solutions in its role as an approved Electric Supply Aggregator as defined by actions taken by the Public Utilities Commission of Ohio (PUCO).

Sincerely,


James R. Castle
President & CEO

Credit eValuator Plus Report

Ohio Hospital Association

155 E Broad St Fl 15
Columbus, OH 43215
Phone: 614 221-7614
D-U-N-S Number: 07-163-9827

Report as of : **August 11, 2011 ****



Want the most **up-to-date** information? **Upgrade** to Auto-Refresh and keep this report current for a year.



Need more in-depth information and analysis?

Upgrade to the Comprehensive Insight Plus Report and receive the credit for the amount of your evaluator purchase

[>Learn more](#)

Credit Information

Payment Trend

****Included with this Credit eValuator Report are continuous tracking of key business changes and free Alert messages in the View My Reports/Alerts page. You can also choose to receive e-mail notifications of the important changes. IMPORTANT NOTE: You will not receive e-mail alerts if you have opted out of receiving communications from D&B.**

Risk Summary



Lower Risk

Higher Risk

Risk of Late Payment

Risk of late payment is based on the following prioritized factors in addition to other information in D&B's files:

- No factors available

Indications of slowness can be the result of disputes over merchandise, skipped invoices, etc.



Unchanged

Payment Performance Trend

The payment performance trend for this company is Unchanged. The most recent payment information in D&B's files is:

- Payments currently: 2 days beyond terms.
- Payments 3 months ago: on terms.
- Industry average: 8 days beyond terms.

***Note:** Payments to suppliers are averaged weighted by dollar amounts.

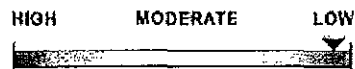
Credit Limit Recommendation

Recommendation **AUG 11**
Date: **2011**

D&B's Recommendations:

Risk category for this business: **LOW**

Conservative
Credit Limit: **\$15,000**



Aggressive
Credit Limit: **\$25,000**

Risk is assessed using D&B's scoring methodology and is one factor used to create the recommended limits. See [Help](#) for details.

Company Profile

Chief Executive:	James R Castle, President	Line of business:
Type of business:	Corporation	Home Health Care
Years in business:	76	Services
Annual Sales:	\$8,695,449	
Employees total:	62	

Legal Filings and Other Important Information

Bankruptcies:	None
Judgments:	None
Liens:	None
Suits:	None
Negative Payment Experiences:	None
Payments Placed for Collection:	None

**Included with this Payment Trend Report are continuous tracking of key business changes and free Alert messages in the View My Reports/Alerts page. You can also choose to receive e-mail notifications of the important changes. IMPORTANT NOTE: You will not receive e-mail alerts if you have opted out of receiving communications from D&B.

Summary

OHIO HOSPITAL ASSOCIATION
155 E Broad St Fl 15
Columbus, OH 43215

This is a single location.

D-U-N-S Number: 07-163-9827

Primary Industry SIC: 8082

Description: Home health care services

PAYMENT ACTIVITY:

Total Payment Experiences in D&B's File: 30

Payments Within Terms: 91%
(not dollar weighted)

Total Placed For Collection: 0

Average Highest Credit: \$1,902

Largest High Credit: \$7,500

Highest Now Owing: \$2,500

Highest Past Due: \$0

Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

PAYDEX Scores - This Business**3- and 12- Month**

Shows the D&B PAYDEX scores as calculated on the most recent 3 months and 12 months of payment experiences.

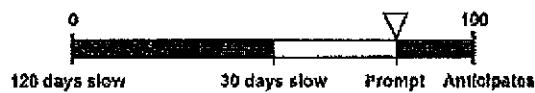
The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on up to 30 payment experiences as reported to D&B by trade references. A detailed explanation of how to read and interpret PAYDEX scores can be found at the end of this report.

Jump to: [How to Read the PAYDEX Score](#)

OHIO HOSPITAL ASSOCIATION DUNS 07-163-9827

3-Month D&B PAYDEX: 79

When weighted by dollar amount, payments to suppliers average 2 days beyond terms.



Based on payments collected over last 3 months.

12-Month D&B PAYDEX: 79

When weighted by dollar amount, payments to suppliers average 2 days beyond terms.

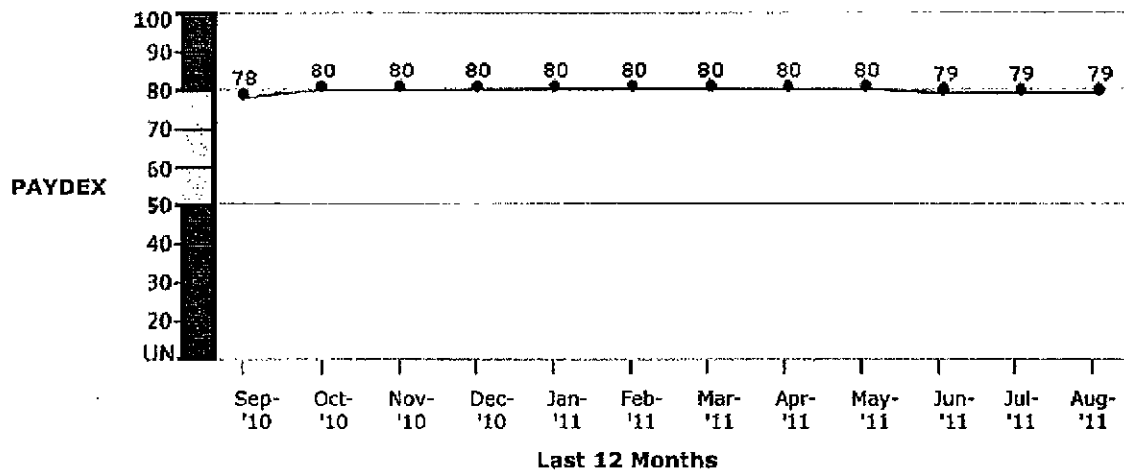


Based on payments collected over last 12 months.

PAYDEX Yearly Trend - This Business**12 Months**

Shows the trend in D&B PAYDEX scoring over the past 12 months.

OHIO HOSPITAL ASSOCIATION DUNS 07-163-9827



Based on payments collected over the last 12 months.

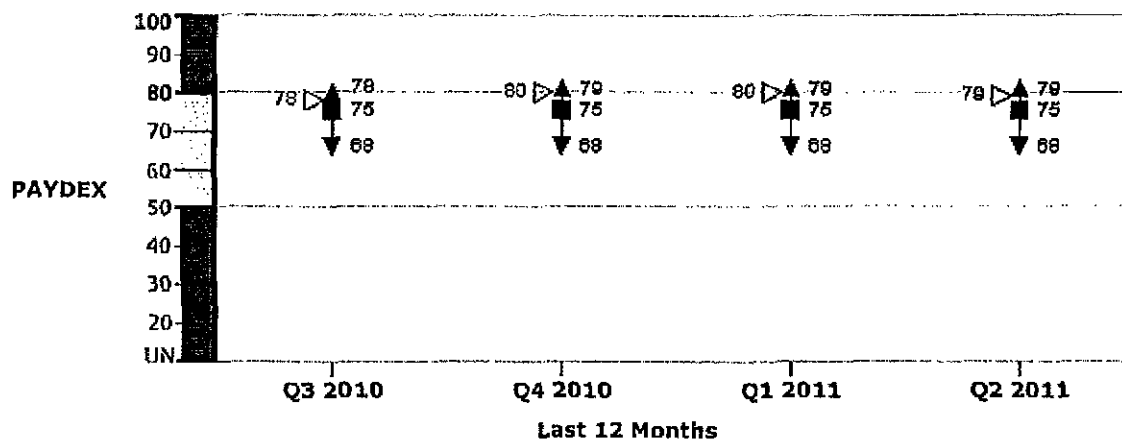
- Current PAYDEX for this Business is 79, or equal to 2 days beyond terms
- The 12-month high is 80, or equal to generally within terms
- The 12-month low is 78, or equal to 3 days beyond terms

[Back to Top](#)

PAYDEX Score Comparison - Business to Primary Industry**4 Quarters**

Shows PAYDEX scores of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Home health care services, based on SIC code 8082.

OHIO HOSPITAL ASSOCIATION DUNS 07-163-9827



Based on payments collected over the last 4 quarters.

Score Comparison Key:

- ▷ This Business
- ▲ Industry upper quartile
- Industry median
- ▼ Industry lower quartile

- Current **PAYDEX** for this Business is **79**, or equal to 2 days beyond terms
- The present Industry **median score** is **75**, or equal to 8 days beyond terms.

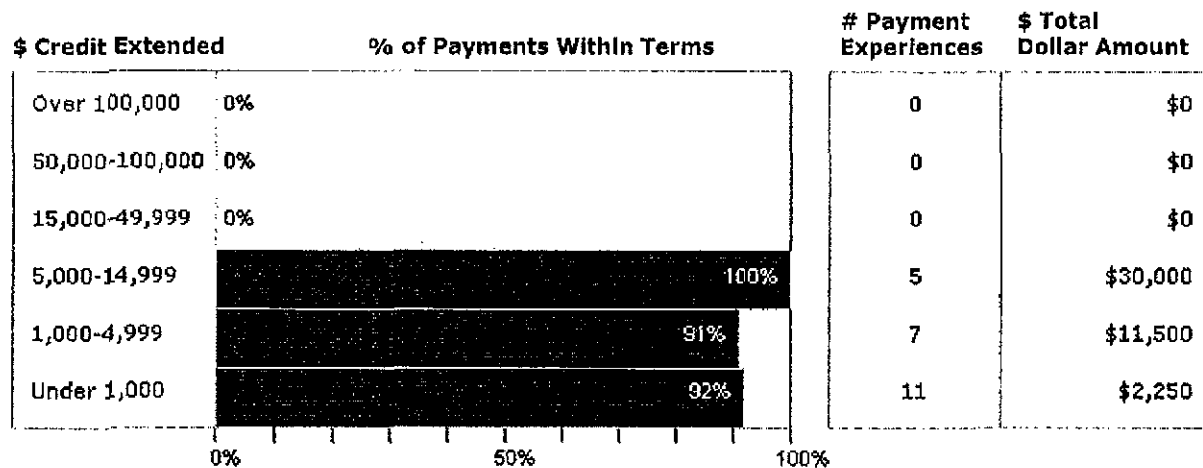
- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

[Back to Top](#)

Business Payment Habit by Amount of Credit Extended**12 Months**

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences used to calculate the percentage, and the total dollar value of the credit extended.

OHIO HOSPITAL ASSOCIATION DUNS 07-163-9827



Based on payments collected over the last 12 months.

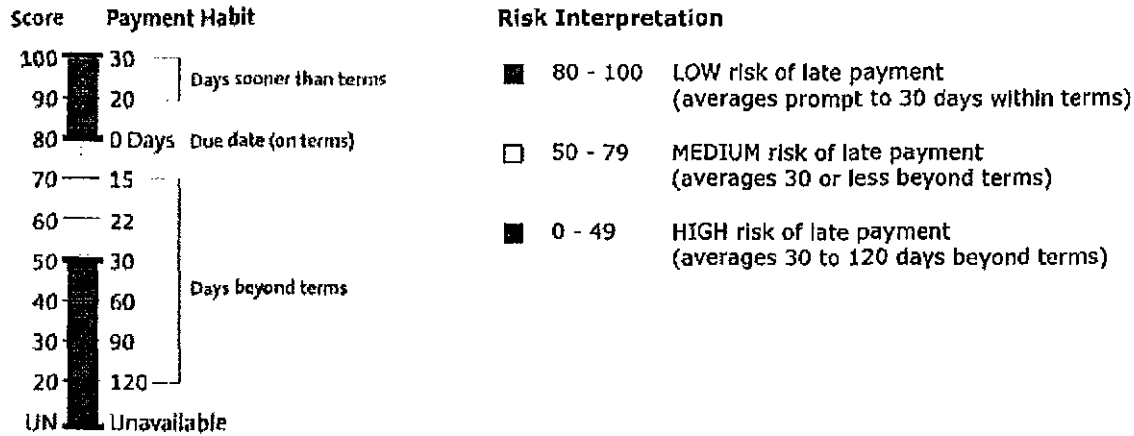
Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc.

[Back to Top](#)

How to Read the D&B PAYDEX Score

Use this key to help you interpret the D&B PAYDEX Score and meaning.

The D&B PAYDEX is a unique, dollar weighted indicator of a business' payment performance based on the total number of payment experiences in D&B's file.



Need more in-depth information and analysis? Upgrade to the Comprehensive Insight Plus Report and receive the credit for the amount of your evaluator purchase

This report is prepared and provided under contract for the exclusive use of Erin Reimer, Ohio Hospital Association.

This report may not be reproduced in whole or in part by any means of reproduction.