

ADCARE HEALTH SYSTEMS INC

Form 5

February 21, 2008

**FORM 5****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

Check this box if  
no longer subject  
to Section 16.  
Form 4 or Form  
5 obligations  
may continue.  
See Instruction  
1(b).

Form 3 Holdings  
Reported  
Form 4  
Transactions  
Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL  
OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

## OMB APPROVAL

OMB  
Number: 3235-0362  
Expires: January 31,  
2005  
Estimated average  
burden hours per  
response... 1.0

1. Name and Address of Reporting Person \*  
Radcliffe Philip S

(Last) (First) (Middle)

106 BURNHAM

(Street)

2. Issuer Name and Ticker or Trading  
Symbol  
ADCARE HEALTH SYSTEMS INC  
[ADK]

3. Statement for Issuer's Fiscal Year Ended  
(Month/Day/Year)  
12/31/2007

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner  
☐ Officer (give title below) ☐ Other (specify below)

4. If Amendment, Date Original  
Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

WILLIAMSBURG, VA 23188

(City) (State) (Zip)

☒ Form Filed by One Reporting Person  
☐ Form Filed by More than One Reporting  
Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3.<br>Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned at end<br>of Issuer's<br>Fiscal Year<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock                       | Â                                       | Â                                                           | Â                                       | Â Â Â Â Â                                                                  | 11,125                                                                                                       | D                                                                    | Â                                                                 |

Reminder: Report on a separate line for each class of  
securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information  
contained in this form are not required to respond unless  
the form displays a currently valid OMB control number.**

SEC 2270  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

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| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities Acquired<br>(A) or Disposed of<br>(D)<br>(Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration<br>Date<br>(Month/Day/Year) | 7. Title and<br>Underlying<br>(Instr. 3 and 4) |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------|
|                                                     |                                                                       |                                         |                                                             |                                         | (A) (D)                                                                                                | Date Exercisable Expiration Date                               | Title                                          |
| Warrants                                            | \$ 1.46                                                               | 09/12/2007                              | Â                                                           | E <sup>(1)</sup>                        | Â 22,250                                                                                               | 10/01/2007 <sup>(2)</sup> 10/01/2012 <sup>(2)</sup>            | Common Stock                                   |
| Warrants                                            | \$ 1.2                                                                | 11/20/2007                              | Â                                                           | A <sup>(3)</sup>                        | 22,250 Â                                                                                               | 11/20/2007 <sup>(4)</sup> 11/20/2017 <sup>(4)</sup>            | Common Stock                                   |
| Warrants                                            | \$ 5.4                                                                | Â                                       | Â                                                           | Â                                       | Â Â                                                                                                    | 11/10/2006 11/10/2011                                          | Common Stock                                   |
| Options                                             | \$ 2.5                                                                | Â                                       | Â                                                           | Â                                       | Â Â                                                                                                    | 08/27/2004 08/27/2012                                          | Common Stock                                   |
| Options                                             | \$ 1.5                                                                | Â                                       | Â                                                           | Â                                       | Â Â                                                                                                    | 05/09/2007 05/09/2012                                          | Common Stock                                   |

## Reporting Owners

| Reporting Owner Name / Address                              | Relationships |           |         |       |
|-------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                             | Director      | 10% Owner | Officer | Other |
| Radcliffe Philip S<br>106 BURNHAM<br>WILLIAMSBURG, VA 23188 | Â X           | Â         | Â       | Â     |

## Signatures

Carol Groeber 02/21/2008

                     \*\*Signature of Reporting Person                      Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Merger discussions discontinued.
- (2) The warrants will only become exercisable upon closing of the Merger of the Company and Family Home Health Services, Inc. and will terminate and expire unless exercised on or before the 5th anniversary of the closing.
- (3) Warrants were awarded to officers and directors.
- (4) These are 10 year warrants that will vest equally over a 5 year period, however that vesting will be accelerated in the event there is a "change in control" of the Company or a termination without cause of person(s) comprising the management team.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.