

ADCARE HEALTH SYSTEMS INC  
 Form 5  
 February 21, 2008

**FORM 5**

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

OMB APPROVAL

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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

1. Name and Address of Reporting Person \*  
 Sturtz Laurence E

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

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

3421 POINTE CREEK COURT, APT# 106

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

BONITA SPRINGS, FL 34134

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

(City) (State) (Zip)

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock				(A) or (D) Price	21,920	D	

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

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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 Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Underlying (Instr. 3 and 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title
Warrants	\$ 1.46	09/12/2007	Â	E <sup>(1)</sup>	Â	43,840	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>	43,840	Â	11/20/2007 <sup>(4)</sup>	11/20/2017 <sup>(4)</sup>	Common Stock
Warrants	\$ 2.5	Â	Â	Â	Â	Â	10/31/2004	10/31/2009	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
Sturtz Laurence E 3421 POINTE CREEK COURT APT# 106 BONITA SPRINGS, FL 34134	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.

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