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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 06-01-2010 and ending 05-31-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
SWEDISHAMERICAN HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1401 E STATE STREET

City or town, state or country, and ZIP + 4
ROCKFORD, IL 611042298

D Employer identification number
36-2222696

E Telephone number
(815) 966-2087

G Gross receipts $ 562,138,035

F Name and address of principal officer
WILLIAM GORSKI MD
1313 EAST STATE ST
ROCKFORD, IL 61104

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW SWEDISHAMERICAN ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1911 | **M** State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THROUGH EXCELLENCE IN HEALTHCARE AND COMPASSIONATE SERVICE, WE CARE FOR OUR COMMUNITY

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	25
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	3,397
6	Total number of volunteers (estimate if necessary)	**6**	394
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	865,793
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	582,809

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,517,458	6,278,731
	9 Program service revenue (Part VIII, line 2g)	407,756,569	430,571,829
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,763,472	7,698,068
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,179,586	6,117,475
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	420,217,085	450,666,103
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	997,867	912,995
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	193,172,438	206,687,231
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	212,707,417	227,479,413
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	406,877,722	435,079,639
	19 Revenue less expenses Subtract line 18 from line 12	13,339,363	15,586,464

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	414,750,554	443,747,620
	21 Total liabilities (Part X, line 26)	196,678,144	202,281,926
	22 Net assets or fund balances Subtract line 21 from line 20	218,072,410	241,465,694

Part II Signature Block

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

Sign Here

****** | 2012-04-06
Signature of officer | Date

WILLIAM GORSKI CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name ZACK FORTSCH	Preparer's signature ZACK FORTSCH	Date	Check if self-employed ☐	PTIN
Firm's name ▶ MCGLADREY & PULLEN LLP				Firm's EIN ▶
Firm's address ▶ ONE SOUTH WACKER DR SUITE 800 CHICAGO, IL 60606				Phone no ▶ (312) 634-3400

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

THROUGH EXCELLENCE IN HEALTHCARE AND COMPASSIONATE SERVICE, WE CARE FOR OUR COMMUNITY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 261,460,913 including grants of $ 870,995) (Revenue $ 342,926,250)

SWEDISHAMERICAN HOSPITAL OPERATES TWO FULL SERVICE ACUTE CARE HOSPITALS WITH 386 LICENSED BEDS, AND SERVES A 12 COUNTY AREA OUR VISION IS TO DEVELOP A FULLY INTEGRATED HEALTHCARE DELIVERY NETWORK THAT WILL CONTINUOUSLY SET THE STANDARD FOR QUALITY CARE AND SERVICE, ACCEPT RESPONSIBILITY FOR BUILDING A HEALTHIER POPULATION, PROVIDE REGIONAL ACCESS, IMPROVE RESOURCE UTILIZATION THROUGH COLLABORATION WITH KEY STAKEHOLDERS, AND MANAGE PATIENT CARE AND OUR RESOURCES IN SUCH A WAY THAT WE CREATE VALUE FOR OUR PATIENTS AND BENEFIT FOR OUR COMMUNITY DURING 2011 WE CARED FOR 19,918 INPATIENTS AND PERFORMED 681,176 OUTPATIENT PROCEDURES THIS INCLUDES 72,276 EMERGENCY ROOM VISITS AND 2,433 DELIVERIES WE SPONSOR THE UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE PROGRAM AND PROVIDED $4 7 MILLION IN EDUCATION FOR PRIMARY CARE RESIDENTS WE PARTICIPATE IN THE ILLINOIS EXCELLENCE IN ACADEMIC MEDICINE PROGRAM AND THE NATIONAL SURGICAL ADJUVANT BREAST AND BOWEL PROJECT, WHICH ARE GOVERNMENT SPONSORED RESEARCH OUR EMPLOYEES AND VOLUNTEERS PROVIDED OVER 34,000 HOURS IN UNPAID COMMUNITY SERVICES SWEDISHAMERICAN RECOGNIZES ITS RESPONSIBILITY TO ALL THE PEOPLE OF OUR COMMUNITY, REGARDLESS OF THEIR ABILITY TO PAY FOR CARE

4b (Code) (Expenses $ 74,160,209 including grants of $ 0) (Revenue $ 84,271,474)

SWEDISHAMERICAN HOSPITAL EMPLOYS PRIMARY CARE AND SPECIALTY PHYSICIANS WHO PRACTICE AT 18 LOCATIONS THROUGHOUT OUR SERVICE AREA WE EMPLOY SPECIALISTS IN ORTHOPEDICS, CARDIOLOGY, CARDIOTHORACIC SURGERY, NEUROLOGY, NEUROSURGERY, PULMONOLOGY/CRITICAL CARE, ONCOLOGY, OBSTETRICS AND GYNECOLOGY, RHEUMATOLOGY, PSYCHIATRY, PODIATRY, OTOLARYNGOLOGY, AS WELL AS INTERNAL MEDICINE, FAMILY PRACTICE AND PEDIATRIC PHYSICIANS DURING 2011 OUR PHYSICIAN ENCOUNTERS WERE 342,716

4c (Code) (Expenses $ 9,345,972 including grants of $ 0) (Revenue $ 8,438,317)

SWEDISHAMERICAN DELIVERS HOME HEALTH CARE SERVICES TO PATIENTS IN OUR SERVICE AREA DURING 2011 WE PERFORMED 10,068 EPISODES OF CARE

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 344,967,094

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	477		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	3,397		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b	

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	25		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ IL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

DONALD HARING CFO
1313 EAST STATE ST
ROCKFORD, IL 61104
(815) 966-2087

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

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								6,947,891	0	762,282

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 174

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
ARUP LABORATORIES INC PO BOX 27964 SALT LAKE CITY, UT 84127	LAB TESTING	2,270,430
ROCKFORD ANESTHESIOLOGISTS ASSOCIATION 202 HARLEM RD SUITE 200 LOVES PARK, IL 61111	PHYSICIANS	1,439,937
HLS WHEELING LLC 3723 RELIABLE PARKWAY CHICAGO, IL 60686	LAUNDRY SERVICES	1,398,565
INFINITY HEALTHCARE PHYSICIANS SC 111 EAST WISCONSIN AVE MILWAUKEE, WI 53202	PHYSICIANS	955,699
HOLMSTROM & KENNEDY PC PO BOX 589 ROCKFORD, IL 61103	ATTORNEYS	870,884

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 47

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations 1d	1,112,489				
	e Government grants (contributions) 1e	5,166,242				
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f ▶		6,278,731			
Program Service Revenue		Business Code				
	2a PATIENT SERVICES	621990	257,327,091	257,327,091		
	b MEDICARE/MEDICAID	621990	169,428,989	169,428,989		
	c N IL IMAGING JV	621990	2,045,942	2,045,942		
	d OTHER PROGRAMS	900099	1,749,535	1,749,535		
	e N IL SCANNING JV	621990	20,272	20,272		
	f All other program service revenue					
	g **Total.** Add lines 2a–2f ▶		430,571,829			
	3 Investment income (including dividends, interest and other similar amounts) ▶		6,023,804			6,023,804
	4 Income from investment of tax-exempt bond proceeds ▶					
	5 Royalties ▶					
		(i) Real / (ii) Personal				
	6a Gross Rents	234,926				
	b Less rental expenses	47,139				
	c Rental income or (loss)	187,787				
	d Net rental income or (loss) ▶		187,787			187,787
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory	110,419,044 / 1,976,951				
	b Less cost or other basis and sales expenses	108,725,789 / 1,995,942				
	c Gain or (loss)	1,693,255 / -18,991				
	d Net gain or (loss) ▶		1,674,264			1,674,264
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events ▶					
	9a Gross income from gaming activities See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities ▶					
	10a Gross sales of inventory, less returns and allowances a	491,264				
	b Less cost of goods sold b	703,062				
	c Net income or (loss) from sales of inventory ▶		-211,798	-211,798		
	Miscellaneous Revenue	Business Code				
	11a INTERDEPT BILLING	561000	2,862,700	2,648,524	214,176	
	b CAFETERIA & VENDING	561000	1,371,002	1,361,693	9,309	
	c DAY CARE CENTER	624410	1,265,476			1,265,476
	d All other revenue		642,308		642,308	
	e **Total.** Add lines 11a–11d ▶		6,141,486			
	12 **Total revenue.** See Instructions ▶		450,666,103	434,370,248	865,793	9,151,331

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	870,995	870,995		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	42,000	42,000		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	4,463,454	1,601,720	2,861,734	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	155,734,582	118,092,412	37,642,170	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	6,902,133	5,673,317	1,228,816	
9 Other employee benefits	28,792,993	26,182,747	2,610,246	
10 Payroll taxes	10,794,069	8,002,179	2,791,890	
a Fees for services (non-employees) Management				
b Legal	1,093,359	-89,950	1,183,309	
c Accounting	129,096		129,096	
d Lobbying	126,242		126,242	
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees	578,952		578,952	
g Other	18,943,221	17,398,481	1,544,740	
12 Advertising and promotion	2,815,205	76,095	2,739,110	
13 Office expenses	10,854,807	5,854,923	4,999,884	
14 Information technology	4,040,431	3,559,525	480,906	
15 Royalties				
16 Occupancy	12,210,150	5,996,701	6,213,449	
17 Travel	233,905	174,024	59,881	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	358,178	140,637	217,541	
20 Interest	5,056,047	4,967,676	88,371	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	19,188,236	14,909,410	4,278,826	
23 Insurance	8,404,286	7,670,298	733,988	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a INCOME TAX EXPENSE	192,000		192,000	
b PATIENT SUPPLIES	69,093,026	64,158,303	4,934,723	
c BAD DEBTS	36,446,891	36,446,891		
d PURCHASED SERVICES	17,759,770	10,232,735	7,527,035	
e IPA PROVIDER TAX	7,062,613	7,062,613		
f All other expenses	12,892,998	5,943,362	6,949,636	
25 **Total functional expenses.** Add lines 1 through 24f	435,079,639	344,967,094	90,112,545	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		19,654,577	2	27,361,347
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		61,907,167	4	56,790,303
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net		298,583	7	312,119
	8	Inventories for sale or use		4,511,834	8	4,972,377
	9	Prepaid expenses and deferred charges		5,471,495	9	8,400,620
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 358,730,773			
	b	Less accumulated depreciation	10b 200,066,928	156,809,474	10c	158,663,845
	11	Investments—publicly traded securities		138,899,842	11	159,390,048
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		5,082,146	13	1,975,596
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		22,115,436	15	25,881,365
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		414,750,554	16	443,747,620
Liabilities	17	Accounts payable and accrued expenses		38,489,895	17	45,381,916
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		114,603,545	20	111,228,588
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		43,584,704	25	45,671,422
	26	**Total liabilities.** Add lines 17 through 25		196,678,144	26	202,281,926
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		210,736,438	27	233,938,728
	28	Temporarily restricted net assets		2,254,696	28	1,890,721
	29	Permanently restricted net assets		5,081,276	29	5,636,245
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		218,072,410	33	241,465,694
	34	Total liabilities and net assets/fund balances		414,750,554	34	443,747,620

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	450,666,103
2	Total expenses (must equal Part IX, column (A), line 25)	2	435,079,639
3	Revenue less expenses Subtract line 2 from line 1	3	15,586,464
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	218,072,410
5	Other changes in net assets or fund balances (explain in Schedule O)	5	7,806,820
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	241,465,694

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
SWEDISHAMERICAN HOSPITAL	36-2222696

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		126,242
j	Total lines 1c through 1i			126,242
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	PORTIONS OF THE 2010/2011 ILLINOIS HOSPITAL AND AMERICAN HOSPITAL ASSOCIATION DUES USED FOR LOBBYING $36,292 A LAW FIRM WAS ENGAGED TO REVIEW LEGISLATION AFFECTING HOSPITALS $89,950

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	5,553,681	5,098,504	6,059,940		
b Contributions	98,184	13,425	14,405		
c Investment earnings or losses	763,174	457,937	-958,754		
d Grants or scholarships					
e Other expenditures for facilities and programs	37,321	16,185	17,087		
f Administrative expenses					
g End of year balance	6,377,718	5,553,681	5,098,504		

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 88 000 %
- c Term endowment ▶ 12 000 %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	Yes	

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,459,970		2,459,970
b Buildings		188,431,491	84,229,314	104,202,177
c Leasehold improvements		8,750,177	3,861,547	4,888,630
d Equipment		152,650,069	107,501,244	45,148,825
e Other		6,439,066	4,474,823	1,964,243
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				158,663,845

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DEFERRED BOND ISSUANCE COSTS	3,236,905
(2) ADVANCE TO AMERICAN RESTAURANT ASSOC (ARA)	189,268
(3) INTEREST IN NET ASSETS OF RECIPIENT ORGANIZATION	8,563,850
(4) GOODWILL	13,891,342
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	25,881,365

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ESTIMATED DUE-3RD PARTY PAYORS	15,320,269
RESERVE FOR SELF INSURNACE	13,066,789
DEFERRED COMPENSATION	8,924,703
ASBESTOS RETIREMENT OBLIGATION	302,231
DUE TO AFFILIATED ORGANIZATION	3,646,399
CURRENT MATURITIES OF LONG TERM DEBT	4,411,031
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	45,671,422

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THERE IS NO FIN 48 LIABILITY AND AS SUCH, THE ORGANIZATION'S CONSOLIDATED FINANCIAL STATEMENTS DO NOT INCLUDE A FIN 48 FOOTNOTE

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other ____ %			
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 600.000000000000 %			
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			11,342,433		11,342,433	2 410 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			82,438,499	69,782,533	12,655,966	2 680 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			1,295,945	1,008,978	286,967	0 060 %
d **Total** Financial Assistance and Means-Tested Government Programs			95,076,877	70,791,511	24,285,366	5 150 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)						
f Health professions education (from Worksheet 5)			7,173,426	1,038,997	6,134,429	1 300 %
g Subsidized health services (from Worksheet 6)			14,453,848	2,642,764	11,811,084	2 500 %
h Research (from Worksheet 7)			1,931,455	1,177,464	753,991	0 160 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,061,840	281,546	780,294	0 170 %
j **Total** Other Benefits			24,620,569	5,140,771	19,479,798	4 130 %
k **Total.** Add lines 7d and 7j			119,697,446	75,932,282	43,765,164	9 280 %

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	8,771,960		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	1,315,794		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	75,743,506	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	93,571,346	
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-17,827,840	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	1 FEATHERSTONE PARTNERSHIP LLC	AMBULATORY SURGERY CENTER	33 300 %	0 %	66 700 %
2	2 NORTHERN ILLINOIS VEIN CLINIC LLC	OUTPATIENT PHYSICIAN CLINIC	50 000 %	0 %	50 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 2

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	SWEDISHAMERICAN HOSPITAL 1401 E STATE STREET ROCKFORD,IL 61104	X	X		X			X		
2	SWEDISHAMERICAN MEDICAL CTR BELVIDERE 1625 S STATE STREET BELVIDERE,IL 61008	X	X					X		

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **19**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7G THE FOLLOWING SUBSIDIZED HEALTH SERVICES ARE FOR PHYSICIANS THESE PHYSICIANS ARE NECESSARY TO SERVE THE COMMUNITY, ARE DIFFICULT TO RECRUIT, AND THE REIMBURSEMENT DOES NOT COVER THE COST OF THE SERVICES HOSPITAL BASED PHYSICIANS SPECIALTY CLINICS AND EMERGENCY COVERAGE PAYMENTS $8,318,480EMERGENCY DEPARTMENT PHYSICIANS $1,320,633AFFILIATE EMERGENCY DEPARTMENT AND PRIMARY CARE PHYSICIANS $386,182TOTAL $10,025,295

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE BAD DEBT EXPENSE IN PART IX COLUMN A WAS SUBTRACTED FOR THE PURPOSE OF CALCULATING THE PERCENTAGE OF EXPENSE IS $36,446,891 PART 1 LINES 7 - LINES 7A AND 7F COSTS WERE CALCULATED USING THE 2011 MEDICARE COST REPORT COST TO CHARGE RATIO LINES 7B AND 7C COSTS WERE CALCULATED USING THE COST ACCOUNTING SYSTEM THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS ALL OTHER AMOUNTS IN LINE 7 WERE CALCULATED USING DIRECT COSTS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 IT IS OUR PRACTICE TO IDENTIFY, TO THE EXTENT POSSIBLE, CHARITY CASES AT THE TIME OF SERVICE IF A PATIENT PROVIDES DOCUMENTATION THEY MEET OUR CHARITY CARE POLICY, THEY ARE NOT SENT TO COLLECTION THOSE PATIENTS WHO FAIL TO APPLY OR PROVIDE DOCUMENTATION ARE SENT TO COLLECTION AFTER 90 DAYS THE ORGANIZATION AND ITS AGENTS FOLLOW THE FAIR PATIENT BILLING ACT IF DURING THE COLLECTION PROCESS WE OR OUR AGENTS BECOME AWARE OF A PATIENT QUALIFYING FOR CHARITY CARE OR FINANCIAL ASSISTANCE AND THE PATIENT COOPERATES WITH THE REQUIREMENTS OF THE CHARITY CARE POLICY, COLLECTION EFFORTS ARE CEASED, AND THE ACCOUNT IS WRITTEN OFF TO CHARITY FROM THE AUDITED FINANCIAL STATEMENTS PATIENT ACCOUNTS RECEIVABLE AND DUE FROM/TO THIRD-PARTY PAYERS THE COLLECTION OF RECEIVABLES FROM THIRD-PARTY PAYERS AND PATIENTS IS THE HOSPITAL'S PRIMARY SOURCE OF CASH FOR OPERATIONS AND IS CRITICAL TO ITS OPERATING PERFORMANCE THE PRIMARY COLLECTION RISKS RELATE TO UNINSURED PATIENT ACCOUNTS AND PATIENT ACCOUNTS FOR WHICH THE PRIMARY INSURANCE PAYER HAS PAID, BUT PATIENT RESPONSIBILITY AMOUNTS (DEDUCTIBLES AND CO-PAYMENTS) REMAIN OUTSTANDING PATIENT RECEIVABLES, WHERE A THIRD-PARTY PAYER IS RESPONSIBLE FOR PAYING THE AMOUNT, ARE CARRIED AT A NET AMOUNT DETERMINED BY THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED, LESS AN ESTIMATE MADE FOR CONTRACTUAL ADJUSTMENTS OR DISCOUNTS PROVIDED TO THIRD-PARTY PAYERS PATIENT RECEIVABLES DUE DIRECTLY FROM PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED, LESS AMOUNTS COVERED BY THIRD-PARTY PAYERS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLED ACCOUNTS AND BY HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED WHEN RECEIVED THE PAST DUE STATUS OF RECEIVABLES IS DETERMINED ON A CASE-BY-CASE BASIS DEPENDING ON THE PAYER RESPONSIBLE THE HOSPITAL GENERALLY DOES NOT CHARGE INTEREST ON PAST DUE ACCOUNTS RECEIVABLES OR PAYABLES RELATED TO ESTIMATED SETTLEMENTS ON VARIOUS CONTRACTS THAT THE HOSPITAL PARTICIPATES IN ARE REPORTED AS THIRD-PARTY PAYER RECEIVABLES OR PAYABLES PART III LINE 2 COSTS WERE CALCULATED USING THE 2011 MEDICARE COST REPORT COST TO CHARGE RATIO PART III LINE 3 SWEDISHAMERICAN HOSPITAL'S CHARITY POLICY ALLOWS A 100% CHARITY WRITE-OFF FOR THOSE WITH HOUSEHOLD INCOME OF 200% OR LESS OF THE FEDERAL POVERTY LEVEL AND PARTIAL CHARITY WRITE-OFF FOR THOSE UP TO 600% OF THE POVERTY LEVEL THE LATEST DATA FROM THE U S CENSUS BUREAU INDICATES 13 8% OF THE POPULATION IN WINNEBAGO COUNTY IS BELOW THE POVERTY LEVEL AND THE MEDIAN HOUSEHOLD INCOME WAS $47,646 WITH A HOUSEHOLD SIZE WAS 2 53 FOR A HOUSEHOLD SIZE OF 3 AN INCOME $37,060 IS 200% OF THE POVERTY LEVEL AND $111,180 IS 600% OF THE POVERTY LEVEL APPROXIMATELY 90% OF OUR CHARITY WRITE-OFFS ARE FOR PATIENTS WITHOUT INSURANCE WHILE 65% OF OUR BAD DEBT WRITE-OFFS ARE FOR PATIENTS WITHOUT INSURANCE IN 2011 ONLY 10% OF ALL ACCOUNTS WRITTEN OFF TO BAD DEBT WERE RECOVERED BASED ON THIS DEMOGRAPHIC AND INTERNAL DATA WE BELIEVE THAT A MINIMUM OF 15% OF THE AMOUNTS WRITTEN OFF AS BAD DEBT WOULD QUALIFY FOR CHARITY

Identifier	ReturnReference	Explanation
		PART III, LINE 8 IF SWEDISHAMERICAN HOSPITAL DID NOT PROVIDE SERVICES TO MEDICARE BENEFICIARIES THERE WOULD NOT BE ADEQUATE ACCESS WITHIN THE COMMUNITY THE SERVICES PROVIDED TO MEDICARE BENEFICIARIES ARE CRITICAL TO THE HEALTH OF THE COMMUNITY WE SERVE THE REIMBURSEMENT FROM MEDICARE HAS NOT KEPT PACE WITH THE RISING COST OF PROVIDING THOSE SERVICES THE COST OF CARE HAS INCREASED DUE TO WAGES AND BENEFITS NECESSARY TO KEEP HIGH DEMAND SKILLED PRACTITIONERS, MEDICAL SUPPLIES IN PARTICULAR CARDIOVASCULAR AND ORTHOPEDIC IMPLANTS AND PHARMACEUTICALS, MALPRACTICE INSURANCE COSTS, AND CAPITAL EQUIPMENT DUE TO THE LACK OF ALTERNATIVES IN THE COMMUNITY AND THE INABILITY OF MEDICARE REIMBURSEMENT TO KEEP PACE WITH THE COST OF PROVIDING SERVICES, WE FEEL THE LOSS FROM SERVICES PROVIDED TO MEDICARE BENEFICIARIES IS A PART OF OUR MISSION AND IS A BENEFIT TO OUR COMMUNITY THE FOLLOWING IS A RECONCILIATION OF THE SHORTFALL FROM MEDICARE REPORTED ON THE COST REPORT ON LINE 7 TO THE MEDICARE SHORTFALL FROM ALL OF THE MEDICARE PROGRAMS AT SWEDISHAMERICAN HOSPITAL THESE SHORTFALLS WERE CALCULATED USING THE COST TO CHARGE RATIO MEDICARE SHORTFALL HOSPITAL PROGRAMS PART III LINE 7 ($17,827,840)MEDICARE SHORTFALL PHYSICIAN PROGRAMS ($23,674,704)MEDICARE SHORTFALL HOME HEALTH PROGRAMS ($176,823)TOTAL MEDICARE SHORTFALL ($41,679,367)

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ORGANIZATION AND ITS AGENTS FOLLOW THE FAIR PATIENT BILLING ACT IF DURING THE COLLECTION PROCESS WE OR OUR AGENTS BECOME AWARE OF A PATIENT QUALIFYING FOR CHARITY CARE OR FINANCIAL ASSISTANCE AND THE PATIENT COOPERATES WITH THE REQUIREMENTS OF THE CHARITY CARE POLICY, COLLECTION EFFORTS ARE CEASED

Identifier	ReturnReference	Explanation
		PART I LINE 6A AND PART VI LINE 7 - SWEDISHAMERICAN HOSPITAL FILES A COMMUNITY BENEFIT REPORT WITH THE ILLINOIS ATTORNEY GENERAL THE AMOUNTS AND ACTIVITIES REPORTED IN THE COMMUNITY BENEFIT REPORT INCLUDE ACTIVITIES OF SWEDISHAMERICAN HOSPITAL AND ITS SUBSIDIARIES SWEDISHAMERICAN FOUNDATION IS A SUPPORTING ORGANIZATION TO SWEDISHAMERICAN HOSPITAL SWEDISHAMERICAN FOUNDATION IS NOT A HOSPITAL, BUT IS A TAX EXEMPT ENTITY ALL AMOUNTS ON SCHEDULE H ARE FOR SWEDISHAMERICAN HOSPITAL ONLY, BUT THE ACTIVITIES ON PART VI LINE 6 INCLUDE THE ACTIVITIES CONDUCTED THROUGH THE FOUNDATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 SWEDISHAMERICAN HOSPITAL HAS PROVIDED A THIRD OF THE MONETARY SUPPORT FOR THE 2010 HEALTHY COMMUNITY STUDY, CONDUCTED BY THE ROCKFORD HEALTH COUNCIL THE COUNCIL CONSISTS OF THE MAJOR HEALTH CARE PROVIDERS IN OUR METROPOLITAN AREA SUCH AS THE THREE HOSPITALS, CRUSADER CLINIC (A FEDERALLY QUALIFIED HEALTHCARE CLINIC), THE UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE, JANET WATTLES MENTAL HEALTH CENTER, ROSECRANCE SUBSTANCE ABUSE CENTER AS WELL AS SEVERAL REPRESENTATIVES OF NOT-FOR-PROFIT AGENCIES, AND MEMBERS OF THE CORPORATE COMMUNITY SINCE 2001, AN ASSESSMENT HAS BEEN COMPLETED EVERY THREE YEARS TO IDENTIFY AND TRACK TRENDS AS WELL AS AREAS TO ADDRESS THESE STAKEHOLDERS UNDERSTAND THE NEED FOR A COMPREHENSIVE COMMUNITY STUDY THAT IS FOCUSED ON THE OVERALL NEEDS OF THE COMMUNITY SWEDISHAMERICAN HAS USED THIS DATA TO LAUNCH INNOVATIVE PROGRAMS AND COLLABORATIVE PARTNERSHIPS SUCH AS CARDIAC SCREENINGS WITHIN MINORITY COMMUNITIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FOR SERVICES PROVIDED IN THE HOSPITAL, OUR EMPLOYEES AND OUR AGENTS FOLLOW THE FAIR PATIENT BILLING ACT AND PROVIDE INFORMATION REGARDING THE AVAILABILITY OF CHARITY AND FINANCIAL ASSISTANCE AT ALL POINTS DURING THE COLLECTION PROCESS WE HAVE POSTED SIGNAGE DISCLOSING THE AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE IN EMERGENCY ROOMS AND ON OUR WEBSITE INPATIENTS ARE PROVIDED VARIOUS WRITTEN COMMUNICATIONS REGARDING THE AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE, AND ANY UNINSURED PATIENTS ARE SCREENED FOR MEDICAID AND ILLINOIS UNINSURED DISCOUNT ELIGIBILITY FOR SERVICES PROVIDED IN PHYSICIAN OFFICES, FINANCIAL COUNSELORS ARE INSTRUCTED TO MAKE THE PATIENTS AWARE OF THE CHARITY CARE AND FINANCIAL ASSISTANCE POLICY DURING THE COLLECTION PROCESS AND EDUCATE THEM ON THE PROCESS OF APPLYING FOR MEDICAID FOR SERVICES PROVIDED BY HOME HEALTH, SOCIAL WORKERS ASSIST PATIENTS BY SCREENING FOR MEDICAID ELIGIBILITY AND COMPLETING THE APPLICATION, COMPLETING CHARITY CARE APPLICATION, ASSISTING IN APPLYING FOR MEDICARE AND SOCIAL SECURITY DISABILITY BENEFITS, AND ASSISTING WITH APPLICATIONS FOR FOOD STAMP, LOW INCOME ENERGY ASSISTANCE, AND CIRCUIT BREAKER/ILLINOIS CARES PRESCRIPTION PROGRAMS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 FOR MORE THAN 100 YEARS, ROCKFORD, ILLINOIS HAS BEEN KNOWN AS A MAJOR INDUSTRIAL MANUFACTURING CENTER OF MACHINE TOOLS, INDUSTRIAL FASTENERS, AUTOMOTIVE PARTS AND AEROSPACE COMPONENTS THE ROCKFORD METROPOLITAN POPULATION HAS GROWN TO MORE THAN 250,000 PEOPLE AND IT SERVES AS THE REGIONAL TRADE CENTER FOR MORE THAN 400,000 PEOPLE IN NORTHERN ILLINOIS MAJOR EMPLOYERS IN OUR SERVICE AREA INCLUDE CHRYSLER, HAMILTON SUNDSTRAND, TEXTRON, CITY OF ROCKFORD, ROCKFORD PUBLIC SCHOOLS, AND THREE AREA HOSPITALS ROCKFORD BOASTS MANY GREAT PARKS, SHOPPING, DINING, CULTURAL ACTIVITIES, ENTERTAINMENT AND EDUCATIONAL OPPORTUNITIES BUT LIKE MANY CITIES IN THE UPPER MIDWEST, IT ALSO CONTINUES TO STRUGGLE TO COMPETE IN WHAT IS NOW A GLOBAL MANUFACTURING ECONOMY IN THE 1980S, ROCKFORD'S UNEMPLOYMENT RATE REACHED 25 PERCENT, THE HIGHEST IN THE NATION, AND IT BECAME A SYMBOL FOR THE PLIGHT OF A "RUST BELT" CITY ALTHOUGH THE ECONOMY IS MORE DIVERSIFIED NOW, ROCKFORD REMAINS HEAVILY DEPENDENT ON MANUFACTURING ALSO IN THE 1980S, CHARGES OF DISCRIMINATION WERE LEVELED AT THE PUBLIC SCHOOL DISTRICT, CULMINATING IN A FEDERAL LAWSUIT AND 12 YEARS OF FEDERAL SUPERVISION THESE TWO MAJOR DEVELOPMENTS HAVE HAD THEIR EFFECT ON THE LOCAL ECONOMY, THE STABILITY OF GOOD PAYING JOBS AND THE PSYCHE AND SELF-ESTEEM OF THE COMMUNITY THEY ALSO HAVE AFFECTED ROCKFORD'S CHANGING ROLE AND IMPORTANCE TO THE REGION, STATE, AND TO SOME DEGREE THE NATION UNQUESTIONABLY, THESE DYNAMICS HAVE IMPACTED HEALTHCARE IN THE COMMUNITY TODAY, ROCKFORD'S UNEMPLOYMENT RATE OF 13 4% IS 15TH HIGHEST IN THE NATION LOSS OF MANUFACTURING JOBS AND HEALTH INSURANCE COVERAGE HAS CONTRIBUTED TO STRESS AND STRAIN ON EMPLOYERS, EMPLOYEES AND HEALTHCARE PROVIDERS TWO COMMUNITY SURVEYS HAVE IDENTIFIED HEART DISEASE, DIABETES, CANCER, PRE-NATAL CARE AND DEPRESSION AS MAJOR HEALTHCARE ISSUES IN OUR MARKET SWEDISHAMERICAN HELPED FUND THE ROCKFORD HEALTHY COMMUNITY STUDY IN PARTNERSHIP WITH THE UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE AT ROCKFORD AND THE ROCKFORD HEALTH COUNCIL THE STUDY REVEALED THAT MORE THAN 20 PERCENT OF THE RESIDENTS IN OUR HOSPITAL'S ZIP CODE LIVE BELOW THE POVERTY LEVEL, AND THAT THE MEDIAN HOUSEHOLD INCOME OF $25,527 IS THE LOWEST OF ALL ROCKFORD-AREA ZIP CODES OUT-OF-POCKET HEALTHCARE COSTS ARE A PROBLEM FOR MORE THAN 45 PERCENT OF THIS AREA'S RESIDENTS, WHICH IS THE HIGHEST RATE IN THE CITY OF ROCKFORD ADDITIONALLY, MANY RESIDENTS IN THIS VICINITY-WHICH IS AMONG THE STATE'S MOST DEPRESSED AREAS-ARE NOT ABLE TO RECEIVE NEEDED PHYSICAL OR MENTAL HEALTHCARE THE UNITED WAY OF ROCK RIVER VALLEY' COMMUNITY ASSESSMENT FURTHER REVEALED THAT MANY LOCAL RESIDENTS LACK HEALTH INSURANCE AND ACCESS TO PRIMARY HEALTHCARE, LEADING TO PREMATURE MORBIDITY THE ROCKFORD HEALTHY COMMUNITY STUDY IDENTIFIED EXTREMELY LOW LEVELS OF HOME OWNERSHIP IN SWEDISHAMERICAN HOSPITAL'S IMMEDIATE VICINITY ACCORDING TO THE STUDY, MORE THAN 60 PERCENT OF RESIDENTS RENTED, WHICH WAS MUCH HIGHER THAN THE OVERALL SAMPLE (APPROXIMATELY 17 PERCENT) THE STUDY ALSO INDICATED THAT MORE THAN 12 PERCENT OF AREA RESIDENTS COULD NOT AFFORD TO MAKE BASIC HOME REPAIRS THE UNITED WAY'S ASSESSMENT FURTHER IDENTIFIED THE NEED FOR MORE AFFORDABLE PERMANENT HOUSING UNITS, STATING "EVEN THOUGH HOUSING IN ROCKFORD IS AMONG THE MOST AFFORDABLE IN THE COUNTRY, MANY FAMILIES, ESPECIALLY RENTERS, CANNOT AFFORD SHELTER " BY VIRTUE OF ITS MISSION, LOCATION IN THE CENTRAL CITY AND RELATIONSHIPS WITH OTHER PROVIDERS, SWEDISHAMERICAN SERVES THE NEEDS OF MANY OF THE COMMUNITY'S UNDERSERVED FINDING WAYS TO IMPROVE THE HEALTH OF ALL AND TO MAKE ROCKFORD A MODEL COMMUNITY IN WHICH TO LIVE, WORK AND WORSHIP ARE SIGNIFICANT AND STRATEGIC INITIATIVES FOR SWEDISHAMERICAN

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 ALTHOUGH SWEDISHAMERICAN HOSPITAL'S COMMUNITY SERVICE EFFORTS REACH A BROAD SEGMENT OF THE POPULATION THROUGHOUT NORTHERN ILLINOIS, THE HOSPITAL DEVOTES A GREAT DEAL OF ITS ENERGY AND RESOURCES TO SERVING THE CITY'S NEEDIEST PEOPLE, MANY OF WHOM LIVE IN THE URBAN CORE WHERE SWEDISHAMERICAN IS LOCATED OUR ORGANIZATION CONTRIBUTES MILLIONS OF DOLLARS TO CHARITY AND MEDICAID CARE EACH YEAR RECOGNIZING THAT HEALTHY COMMUNITIES ARE CHARACTERIZED BY STRONG INTERCONNECTIONS BETWEEN RESIDENTS, INFRASTRUCTURE, ORGANIZATIONS AND SERVICES, WE HAVE WORKED IN PARTNERSHIP WITH OTHER COMMUNITY-BASED ORGANIZATIONS AS PART OF THE NON-PROFIT ROCKFORD HEALTH COUNCIL INC THE COUNCIL SEEKS TO BUILD AND IMPROVE COMMUNITY HEALTH THROUGH EDUCATION, ACTION, DIALOGUE AND LEGISLATIVE ACTIVITY AND SERVE AS A CATALYST AND COORDINATOR FOR AGENCY AND INDIVIDUAL ACTION TO ENSURE ACCESS, COST EFFECTIVENESS AND QUALITY BEYOND OUR WORK WITH THE COUNCIL, SOME OF OUR INITIATIVES TAKE PLACE IN CONCERT WITH OTHER INDIVIDUAL COMMUNITY ORGANIZATIONS AND HEALTHCARE PROVIDERS, WHILE OTHERS ARE CARRIED OUT BY SWEDISHAMERICAN HOSPITAL TEAMS SWEDISHAMERICAN HAS SOUGHT TO IMPROVE THE COMMUNITY'S HEALTH BY TAKING EFFECTIVE LIFESTYLE MODIFICATION PROGRAMS TO THE PEOPLE WHO NEED THEM MOST ALTHOUGH THIS APPLIES TO THE COMMUNITY AT LARGE, WE HAVE TAKEN SPECIAL EFFORTS TO BRING THESE STRATEGIES TO THE CITY'S ELDERLY AND UNDERSERVED RESIDENTS THIS IS DEMONSTRATED BY OUR SUCCESSFUL PROGRAM TO IMPROVE THE HEALTH OF RESIDENTS AT LONGWOOD PLAZA, A SENIOR HOUSING FACILITY LOCATED TWO BLOCKS FROM OUR HOSPITAL'S CAMPUS FINALLY, BEYOND LIFESTYLE MODIFICATION OUR ONGOING COMMUNITY HEALTH INITIATIVES INVOLVE RESEARCH-BASED HEALTH SCREENING PROGRAMS, AS WELL AS UNIQUE HEALTH EDUCATION EVENTS THAT TARGET BOTH AT-RISK MEMBERS OF THE COMMUNITY AND HEALTHCARE PROVIDERS OUR MISSION IS "THROUGH EXCELLENCE IN HEALTHCARE AND COMPASSIONATE SERVICE WE CARE FOR OUR COMMUNITY " IN FURTHERANCE OF ITS EXEMPT PURPOSE SWEDISHAMERICAN HOSPITAL CONTINUALLY INVESTS IN THE SURROUNDING COMMUNITY WITH PHYSICIAN ACQUISITIONS AND REGIONAL EXPANSION TO ASSURE ACCESS TO HEALTH CARE SWEDISHAMERICAN HOSPITAL ALSO ESTABLISHED CENTERS OF EXCELLENCE AND ALLIANCES WITH OTHER HEALTH CARE PROVIDERS, INCLUDING CRUSADER CLINIC, A FEDERALLY QUALIFIED HEALTH CENTER, AND UNIVERSITY OF WISCONSIN THIS ASSURES THE COMMUNITY WE SERVE RECEIVES THE HIGHEST QUALITY CARE WE ALSO INVEST IN TECHNOLOGY TO ASSURE COST EFFECTIVE CARE IS DELIVERED FOR WHICH SWEDISHAMERICAN HOSPITAL HAS WON NUMEROUS AWARDS FOR ITS QUALITY OF CARE IN ADDITION, SWEDISHAMERICAN HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF AND COMMUNITY BOARD AS PART OF ITS EXEMPT PURPOSE

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 SWEDISHAMERICAN HOSPITAL IS A STAND ALONE HEALTH CARE PROVIDER THAT INCLUDES TWO ACUTE CARE HOSPITALS, PHYSICIAN CLINICS, PHYSICIAN EMERGENCY SERVICES, AND HOME HEALTH CARE SWEDISHAMERICAN FOUNDATION IS A SUBSIDIARY OF SWEDISHAMERICAN HOSPITAL AND IS ORGANIZED FOR TAX PURPOSES AS A SUPPORTING ORGANIZATION IN ORDER TO IMPROVE THE LOW RATE OF HOME OWNERSHIP IDENTIFIED IN THE ROCKFORD HEALTHY COMMUNITY STUDY, SWEDISHAMERICAN FOUNDATION (SAF) INITIATED A NEIGHBORHOOD REVITALIZATION PROGRAM IN A SIX-BLOCK AREA DIRECTLY SOUTH OF OUR HOSPITAL CAMPUS SAF'S NEIGHBORHOOD REVITALIZATION EFFORT INCLUDES HABITAT FOR HUMANITY HOMES SAF ENTERED INTO A FORMAL AGREEMENT WITH THE ROCKFORD HABITAT FOR HUMANITY CHAPTER IN 2002 TO CONSTRUCT NEW AREA HOMES BY THE END OF 2010, A TOTAL OF 29 HABITAT FOR HUMANITY HOMES HAVE NOW BEEN COMPLETED AND SOLD TO LOW-INCOME HOME OWNERS NEW CITY-BUILT HOMES SAF PURCHASED AND RAZED THREE, ADDITIONAL SUBSTANDARD HOMES IN THE NEIGHBORHOOD AND PROVIDED THE LOTS TO THE CITY OF ROCKFORD THE CITY SUBSEQUENTLY BUILT THREE NEW HOMES ON THESE SITES FOR SALE TO MODERATE INCOME FAMILIES WITH PURCHASE ASSISTANCE CRUISE FUNDRAISER OVER THE PAST 16 YEARS, SAF'S ANNUAL FUNDRAISING GALA HAS RAISED MORE THAN $1,000,000, WHICH HAS BEEN REINVESTED INTO COMMUNITY IMPACT INITIATIVES, SUCH AS SCHOOL PHYSICALS AND IMMUNIZATIONS FOR AREA CHILDREN AND CANCER SCREENINGS FOR NEIGHBORHOOD RESIDENTS NEIGHBORHOOD PLAYGROUND AND PARKS BECAUSE AREA CHILDREN DID NOT HAVE A SAFE PLACE TO PLAY, SAF PURCHASED THREE CONTIGUOUS PIECES OF PROPERTY, REMOVED EXISTING COMMERCIAL AND RESIDENTIAL STRUCTURES AND PARTNERED WITH TWO LOCAL CHARITIES TO CONSTRUCT A NEW NEIGHBORHOOD PLAYGROUND DRIVEWAY/GARAGE RENOVATION PROJECT FOLLOWING A NEIGHBORHOOD-WIDE SURVEY, SAF COORDINATED AND IMPLEMENTED A GARAGE CONSTRUCTION AND DRIVEWAY REPLACEMENT PROGRAM IN ADDITION TO INCREASING EXISTING HOME VALUES, THIS PROGRAM WILL HELP REDUCE ON-STREET PARKING, THEREBY INCREASING TRAFFIC FLOW AND MAKING PARKED CARS LESS VISIBLE/ACCESSIBLE TO POTENTIAL THIEVES AND VANDALS REVERSE HOME GIFT ANNUITY PROGRAM TO HELP STRUGGLING ELDERLY RESIDENTS REMAIN IN THEIR HOMES, SAF DEVELOPED A PROGRAM WHEREBY HOMEOWNERS DEED PHYSICAL OWNERSHIP OF THEIR PROPERTY TO THE FOUNDATION IN EXCHANGE FOR THE RIGHT TO LIVE IN THEIR HOME UNTIL DEATH OR INCAPACITY SAF ASSUMES RESPONSIBILITIES FOR TAXES, REPAIRS, UPKEEP, LAWN MAINTENANCE AND SNOW REMOVAL UPON TAKING ULTIMATE POSSESSION OF A HOUSE, IT WILL BE SOLD TO AN EMPLOYEE OR OTHER OWNER OCCUPANT, TO HELP INCREASE [OR AT LEAST MAINTAIN] A SIGNIFICANT PERCENTAGE OF OWNER OCCUPIED HOMES HOMEOWNER GRANTS TO EMPLOYEES SINCE 2004, SWEDISHAMERICAN HOSPITAL HAS OFFERED $5,000 DOWN PAYMENT ASSISTANCE TO EMPLOYEES TO HELP ENCOURAGE HOME OWNERSHIP IN THE SIX-BLOCK AREA SURROUNDING THE HOSPITAL THIS INITIATIVE INCLUDES A FIVE-YEAR FORGIVABLE GRANT TO EMPLOYEES IN GOOD STANDING-WITH NO INCOME RESTRICTIONS, AND A SECOND POSSIBLE $5,000 GRANT FOR LOW-INCOME EMPLOYEES SINCE INCEPTION, THIS PROGRAM HAS ASSISTED 17 EMPLOYEES PURCHASE HOMES IN THE SWEDISHAMERICAN NEIGHBORHOOD HOME RESTORATION SINCE 2004, SAF HAS PURCHASED A TOTAL OF 27 HOMES IN THE NEIGHBORHOOD TARGET AREA, REHABBED THEM AND MADE THEM AVAILABLE TO EMPLOYEES, FIREFIGHTERS, POLICE OFFICERS AND PUBLIC SCHOOL TEACHERS, AT DISCOUNT (LESS THAN THE COST OF PURCHASE AND REPAIRS) TO DATE, 20 HOMES HAVE BEEN SOLD TO EMPLOYEES AND OTHER ELIGIBLE OWNER OCCUPANTS IN ORDER TO ALLEVIATE FIRST-TIME HOME BUYERS' CONCERNS ABOUT THE RISING COSTS OF OWNERSHIP, THESE HOMES HAVE A SOLID ROOF, SIDING, PLUMBING, ELECTRICAL, AND A GOOD WORKING FURNACE THIS PROGRAM WILL CONTINUE FOR AT LEAST FOUR ADDITIONAL YEARS IN COOPERATION WITH ROCKFORD EAST HIGH SCHOOL AND DE LA GARDIE HIGH SCHOOL/GYMNASIET (LIDKOPINGS, SWEDEN), THE SWEDISHAMERICAN FOUNDATION CONSTRUCTED TWO NEW NEIGHBORHOOD HOUSES AVAILABLE FOR SALE TO EMPLOYEES OR OTHER ELIGIBLE OWNER-OCCUPANTS IN ADDITION, THE FOUNDATION HAS PURCHASED TWO, 12-UNIT APARTMENT BUILDINGS ADJACENT TO THE HOSPITAL CAMPUS WHICH WERE IN A STATE OF DISREPAIR APPROXIMATELY THREE-QUARTERS OF A MILLION DOLLARS WERE INVESTED IN THESE TWO BUILDINGS TO BRING THEM TO "MARKET RATE" STATUS ENCOURAGED BY OUR COMMITMENT TO RENOVATE OUR CAMPUS AND REVITALIZE THE SURROUNDING AREA, A NUMBER OF COMMERCIAL DEVELOPMENTS HAVE OCCURRED AMONG THEM IS A NEW WALGREEN'S DRUG STORE, WHICH RETURNED RETAIL PHARMACY SERVICES TO THE AREA FOR THE FIRST TIME IN YEARS A THREE-STORY OFFICE BUILDING SOUTH OF THE NEW WALGREEN'S WAS COMPLETED FOLLOWED BY A 60,000-SQUARE-FOOT MEDICAL OFFICE BUILDING SOUTH OF THE HOSPITAL

Additional Data

Software ID:
Software Version:
EIN: 36-2222696
Name: SWEDISHAMERICAN HOSPITAL

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **19** Name and address	Type of Facility (Describe)
ONCOLOGYPTAM REHABCARDIAC REHAB 209 9TH STREET ROCKFORD,IL 61104	OUTPATIENT CLINIC
ACT 2473 MCFARLAND ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
MIDWEST HEART 1340 CHARLES STREET ROCKFORD,IL 61104	OUTPATIENT CLINIC
AMBULATORY SURGERY CENTER 1016 FEATHERSTONE ROAD ROCKFORD,IL 61107	AMBULATORY SURGERY CENTER
HOME HEALTH 2550 CHARLES STREET ROCKFORD,IL 61108	HOME HEALTH
BROOKSIDE SPECIALTY 1253 N ALPINE ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
WOODSIDE 3775 N MULFORD ROAD ROCKFORD,IL 61114	OUTPATIENT CLINIC
BROOKSIDE 1215 N ALPINE ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
5 POINTS 2404 CHARLES STREET ROCKFORD,IL 61108	OUTPATIENT CLINIC
VALLEY 6824 NEWBURG ROAD ROCKFORD,IL 61108	OUTPATIENT CLINIC
CAM OB BEHAVIORAL HEALTH 1415 E STATE STREET ROCKFORD,IL 61104	OUTPATIENT CLINIC
BELVIDERE CLINIC 1700 HENRY LUCKOW LANE BELVIDERE,IL 61008	OUTPATIENT CLINIC
ROSCOE CLINIC 5005 HONONEGAH ROAD ROSCOE,IL 61073	OUTPATIENT CLINIC
DAVIS JUNCTION CLINIC 5665 NORTH JUNCTION WAY DAVIS JUNCTION,IL 61020	OUTPATIENT CLINIC
BYRON CLINIC 220 W BLACKHAWK DRIVE BYRON,IL 61010	OUTPATIENT CLINIC
NORTHWEST CLINIC 3906 N MAIN STREET ROCKFORD,IL 61103	OUTPATIENT CLINIC
MARENGO CLINIC 204 E PRAIRIE STREET MARENGO,IL 60152	OUTPATIENT CLINIC
ROCHELLE CLINIC 510 LINCOLN HIGHWAY ROCHELLE,IL 61068	OUTPATIENT CLINIC
DIXON ONCOLOGY 101 W 2ND STREET DIXON,IL 61021	OUTPATIENT CLINIC

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ILLINOIS HOSPITAL RESEARCH & HEALTH FOUNDATION700 SOUTH SECOND SPRINGFIELD,IL 62704	23-7421930	501(C)(3)	302,106				QUALITY HEALTHCARE FOR ILLINOIS
(2) UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE1601 PARKVIEW AVE ROCKFORD,IL 61107	37-6000511	501(C)(3)	568,889				ACADEMIC RESEARCH

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 2

3 Enter total number of other organizations . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) EDUCATIONAL SCHOLARSHIP FOR CHILDREN OF NON-MANAGEMENT EMPLOYEES	42	42,000			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
OTHER INFORMATION	PART IV	SWEDISHAMERICAN HOSPITAL ONLY MAKES DONATIONS TO OTHER TAX EXEMPT ORGANIZATION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DANNY L COPELAND MD	(i)	180,861	0	0	14,454	18,280	213,595	0
	(ii)	0	0	0	0	0	0	0
(2) JOHN C MYERS MD	(i)	474,570	0	0	6,370	24,855	505,795	0
	(ii)	0	0	0	0	0	0	0
(3) ALLEN WILLIAMS MD	(i)	226,279	0	0	13,831	30,474	270,584	0
	(ii)	0	0	0	0	0	0	0
(4) WILLIAM SCHULZ MD - EX OFFICIO	(i)	543,538	0	0	17,763	30,055	591,356	0
	(ii)	0	0	0	0	0	0	0
(5) WILLIAM RGORSKI MD	(i)	524,486	182,506	0	192,359	16,188	915,539	0
	(ii)	0	0	0	0	0	0	0
(6) RICHARD WALSH	(i)	661,631	80,223	0	95,772	19,208	856,834	320,602
	(ii)	0	0	0	0	0	0	0
(7) DONALD HARING	(i)	297,150	78,920	0	52,176	14,294	442,540	0
	(ii)	0	0	0	0	0	0	0
(8) KATHLEEN KELLY MD	(i)	330,690	64,031	0	65,773	3,690	464,184	0
	(ii)	0	0	0	0	0	0	0
(9) HARVEY EINHORN MD	(i)	704,898	0	0	38,415	30,194	773,507	0
	(ii)	0	0	0	0	0	0	0
(10) PRAKASH PEDAPATI MD	(i)	630,521	0	0	19,600	16,889	667,010	0
	(ii)	0	0	0	0	0	0	0
(11) FAUZIA KHATTAK MD	(i)	518,499	0	0	8,820	31,821	559,140	0
	(ii)	0	0	0	0	0	0	0
(12) MERAT ESFAHANI MD	(i)	805,772	0	0	7,759	29,153	842,684	0
	(ii)	0	0	0	0	0	0	0
(13) STEVEN MILOS MD	(i)	641,116	0	0	7,350	14,760	663,226	0
	(ii)	0	0	0	0	0	0	0
(14)								
(15)								
(16)								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
	PART I, LINE 4B	PART I LINE 4B-WILLIAM GORSKI M D - 457(F)-$174,596, RICHARD WALSH - 457(F)-$78,009, DONALD HARING-457(F)-$32,576, KATHLEEN KELLY M D -457(F)-$26,401

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

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2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	ILLINOIS FINANCE AUTHORITY - 2004	86-1091967	45200BKQ0	12-21-2004	105,360,720	CONSTRUCTION & EQUIPMENT CARDIAC PAVILION, RENOVATE OPERATING RM & CATH LAB		X		X		X
B	ILLINOIS FINANCE AUTHORITY - 2010	86-1091967		04-19-2010	25,000,000	CONSTRUCTION & EQUIPMENT CARDIAC PAVILION, RENOVATE OPERATING RM & CATH LAB		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	106,458,982	25,000,000		
4	Gross proceeds in reserve funds	12,819			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow	74,126,290			
7	Issuance costs from proceeds	4,663,637			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	27,656,236	25,000,000		
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007	2010		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?	X		X					
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider	NA		NA					
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider	NA		NA					
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?	X		X					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLENTAL INFORMATION		SCHEDULE K, PART II, LINE 7 BOND INSURANCE OF $3,672,397 WAS PURCHASED FROM BOND PROCEEDS AND IS INCLUDED AS A COST OF ISSUANCE

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

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Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) Loan to or from the organization? From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) In default? No	(f) Approved by board or committee? Yes	(f) Approved by board or committee? No	(g) Written agreement? Yes	(g) Written agreement? No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SHERYL HEAD	ROBERT L HEAD PH D TRUSTEE, SPOUSE	40,041	EMPLOYEE COMPENSATION		No
(2) BEVERLY DERRY	PATRICK DERRY TRUSTEE, SISTER-IN-LAW	76,308	EMPLOYEE COMPENSATION		No
(3) RIVERSIDE COMMUNITY BANK	DAN LOESCHER TRUSTEE AND OFFICER, CHAIRMAN OF RIVERSIDE COMMUNNITY BANK	11,245,418	BANKS FEES, CERTIFICATE OF DEPOSIT, DEMAND DEPOSIT ACCOUNTS		No
(4) HEARTLAND FINANCIAL USA INC	FRANK WALTER TRUSTEE KEY EMPLOYEE HEARTLAND FNL PARENT OF RIVERSIDE BANK	11,245,418	BANKS FEES, CERTIFICATE OF DEPOSIT, DEMAND DEPOSIT ACCOUNTS		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		DIRECTORS WILLIAM ROOP AND JAMES GINGRICH ARE BOARD MEMBERS OF SWEDISHAMERICAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP DIRECTORS DAVE RYDELL AND JAMES GINGRICH ARE BOARD MEMBERS OF SWEDISHAMERICAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP DIRECTORS DAN LOESCHER AND FRANK WALTER ARE BOARD MEMBERS OF SWEDISHAMERICAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL) AND AS SUCH APPOINTS ALL TRUSTEES OF AND HAS THE AUTHORITY TO APPROVE CERTAIN DECISIONS OF THE HOSPITAL

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL) AND AS SUCH APPOINTS ALL TRUSTEES OF AND HAS THE AUTHORITY TO APPROVE CERTAIN DECISIONS OF THE HOSPITAL

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL) AND AS SUCH APPOINTS ALL TRUSTEES OF AND HAS THE AUTHORITY TO APPROVE CERTAIN DECISIONS OF THE HOSPITAL

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		A DRAFT VERSION OF THE FORM 990 WAS REVIEWED BY LEGAL COUNSEL AND THE CHIEF FINANCIAL OFFICER SUBSEQUENTLY, THE AUDIT/COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS OF SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) REVIEWED A FINAL DRAFT OF THE FORM 990 AND WAS PROVIDED WITH THE OPPORTUNITY TO COMMENT AND ASK QUESTIONS THE ENTIRE BOARD OF DIRECTORS WAS PROVIDED WITH A COPY OF THE FORM 990 BEFORE IT WAS FILED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICIES, WHICH APPLY TO ALL MEMBERS OF THE BOARD OF DIRECTORS AND TO ALL EMPLOYEES PROCEDURES ARE IN PLACE TO INDENTIFY CONFLICTS OF BOTH DIRECTORS AND EMPLOYEES DIRECT CONFLICTS ARE HANDLED BY BOARD DELIBERATION AND BOARD VOTE FROM WHICH THE INTERESTED DIRECTOR IS EXCLUDED EMPLOYEE CONFLICTS ARE HANDLED BY THE COMPLIANCE DEPARTMENT AND IN CERTAIN INSTANCES MAY REQUIRE SEPARATE BOARD ACTION THE BOARD IS PROVIDED WITH PERIODIC COMPLIANCE REPORTS REGARDING CONFLICTS OF INTEREST

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	ALL COMPENSATION DECISIONS ARE MADE BY INDEPENDENT PERSONS WITH RESPECT TO THE PRESIDENT, CEO, AND OFFICERS, THE ORGANIZATION FOLLOWS A COMPENSATION APPROVAL PROCEDURE ANNUALLY THAT INVOLVES APPROVAL OF PROPOSED AND FINAL COMPENSATION ARRANGEMENTS BY THE ORGANIZATION'S EXECUTIVE COMPENSATION COMMITTEE USING COMPARABILITY DATA, AS WELL AS CONTEMPORANEOUS DOCUMENTATION OF COMPENSATION DECISIONS IN THE MINUTES ALL PHYSICIAN COMPENSATION ARRANGEMENTS ARE APPROVED BY THE FINANCE COMMITTEE AND FULL BOARD OF DIRECTORS USING COMPARABILITY DATA, AS WELL AS CONTEMPORANEOUS DOCUMENTATION OF COMPENSATION DECISIONS IN THE MINUTES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY HAVE NOT BEEN MADE AVAILABLE TO THE PUBLIC THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF SWEDISHAMERICAN HOSPITAL ARE AVAILABLE FROM PUBLICLY DISCLOSED FORM 990, THE ILLINOIS ATTORNEY GENERAL WEBSITE AND FROM THE U S SECURITIES AND EXCHANGE COMMISSION ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 7,749,067 OTHER 57,753 TOTAL TO FORM 990, PART XI, LINE 5 7,806,820

Identifier	Return Reference	Explanation
	FORM 990, PART VII - A	COMPENSATION REPORTED FOR TRUSTEES, DANNY COPELAND, M D , JOHN C MYERS, M D , ALLEN WILLIAMS, M D , AND WILLIAM SCHULZ, M D , RELATED TO WAGES RECEIVED AS EMPLOYEES OF SWEDISH AMERICAN HOSPITAL

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) SWEDISHAMERICAN HEALTH SYSTEM CORPORATION 1401 E STATE STREET ROCKFORD, IL 61104 36-3241458	PARENT CORP TO MANAGE & DIRECT ACTIVITIES OF ENTITITES	IL	501(C)(3)	LINE 3	N/A		No
(2) SWEDISHAMERICAN FOUNDATION 1415 E STATE STREET ROCKFORD, IL 61104 36-3097493	SUPPORTING ORG FOR SWEDISHAMERICAN HOSPITAL FUND RAISING	IL	501(C)(3)	LINE 11A	SWEDISHAMERICAN HOSPITAL	Yes	
(3) SWEDISHAMERICAN REALTY CORPORATION 1313 E STATE STREET ROCKFORD, IL 611042298 36-3248013	TITLE HOLDING COMPANY	IL	501(C)(2)		SWEDISHAMERICAN HEALTH SYSTEM CORPORATION	Yes	
(4) SWEDISHAMERICAN HOSPITAL SELF INSURANCE TRUST 1401 E STATE STREET ROCKFORD, IL 611042333 36-6652702	HOSPITAL MALPRACTICE TRUST	IL	501(C)(3)	LINE 11A	SWEDISHAMERICAN HOSPITAL	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) NORTHERN ILLINOIS SCANNING 1401 EAST STATE ST ROCKFORD, IL61104 36-3868145	INPATIENT/OUTPATIENT CT DIAGNOSTICS	IL	N/A	RELATED	158,317			No		Yes		0 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) SARI INSURANCE COMPANY 76 ST PAUL ST SUITE 500 BURLINGTON, VT05401 03-0308753	CAPTIVE INSURANCE COMPANY	VT	N/A	C			
(2) LSG BUILDING CORPORATION 1313 EAST STATE ST ROCKFORD, IL61104 36-3033985	REAL ESTATE	IL	N/A	S			
(3) STATE & CHARLES INC 1313 EAST STATE ST ROCKFORD, IL61104 36-3321193	HOLDING COMPANY	IL	N/A	C			
(4) SWEDISHAERICAN HEALTH MANAGEMENT CORP 1401 EAST STATE ST ROCKFORD, IL61104 36-3246511	SERVICE	IL	N/A	C			

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i		No
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o		No
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)		0	
(2) SWEDISHAMERICAN REALTY CORPORATION	J	6,635,344	COST
(3) SWEDISHAMERICAN FOUNDATION	C	1,112,489	COST
(4) SWEDISHAMERICAN HOSPITAL SELF INSURANCE TRUST	Q	1,000,910	COST
(5) SWEDISHAMERICAN HOSPITAL SELF INSURNACE TRUST	P	4,858,380	COST
(6)			

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

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

SwedishAmerican Hospital and Subsidiaries

Consolidated Financial Report
May 31, 2011

Contents

McGladrey

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Trustees
SwedishAmerican Hospital
Rockford, Illinois

We have audited the accompanying consolidated balance sheets of SwedishAmerican Hospital and subsidiaries (the "Hospital") as of May 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the Hospital'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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SwedishAmerican Hospital and subsidiaries as of May 31, 2011 and 2010, and the results of their operations and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

McGladrey & Pullen, LLP

Rockford, Illinois
August 24, 2011

SwedishAmerican Hospital And Subsidiaries

Consolidated Balance Sheets
May 31, 2011 And 2010
(In Thousands)

Assets	**2011**	2010
Current Assets		
Cash and cash equivalents	**$ 28,903**	$ 21,177
Short-term investments	**4,236**	7,180
Patient accounts receivable, less allowances for uncollectible accounts of $26,740 in 2011 and $21,711 in 2010	**56,790**	61,907
Inventories	**4,972**	4,512
Prepaid expenses and other assets	**8,547**	5,802
Total current assets	**103,448**	100,578
Other Assets		
Assets limited as to use		
Internally designated for capital replacement and expansion	**246**	285
Internally designated for self-insurance fund	**13,170**	9,507
Internally designated for deferred compensation agreements	**8,925**	7,034
Investments	**140,842**	122,090
Beneficial interest in trust assets	**4,419**	4,043
Contribution receivable from lead trust	**287**	260
Deferred bond issuance costs, net of accumulated amortization of $1,737 in 2011 and $1,454 in 2010	**3,237**	3,463
Goodwill	**4,890**	4,465
Intangible asset	**9,001**	9,001
Notes receivable and other assets	**3,181**	3,106
	188,198	163,254
Property and Equipment, net	**160,484**	158,979
Total assets	**$ 452,130**	$ 422,811

See Notes to Consolidated Financial Statements

Liabilities and Net Assets	2011	2010
Current Liabilities		
Accounts payable	$ 13,897	$ 9,675
Accrued expenses and other	32,180	29,508
Estimated settlements due to third-party payors	15,320	16,712
Current maturities of long-term debt	4,411	4,167
Total current liabilities	65,808	60,062
Noncurrent Liabilities		
Long-term debt, less current maturities	111,229	115,261
Self-insurance	13,067	11,341
Due to affiliated organizations	11,333	10,524
Deferred compensation agreements	8,925	7,034
Other	302	486
	144,856	144,646
Total liabilities	210,664	204,708
Contingencies and Commitments (Notes 3, 7 and 14)		
Net Assets		
Unrestricted	233,939	210,736
Temporarily restricted	1,891	2,255
Permanently restricted	5,636	5,081
Noncontrolling interest	-	31
Total net assets	241,466	218,103
Total liabilities and net assets	$ 452,130	$ 422,811

SwedishAmerican Hospital and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended May 31, 2011 and 2010
(in thousands)

	2011	2010
Unrestricted revenues, gains and other support		
Net patient service revenue	$ 402,201	$ 379,607
Public Aid assessment revenue	23,335	23,335
Other revenue	15,919	12,858
Net assets released from restrictions - used for operating purposes	287	224
	441,742	416,024
Expenses		
Salaries and fringe benefits	207,882	194,393
Supplies and purchased services	109,099	97,697
Professional fees	19,898	18,752
Management fees	2,629	2,766
Provision for bad debts	36,447	35,611
Depreciation and amortization	19,323	18,100
Interest	5,056	4,887
Utilities	3,849	4,101
Repairs and maintenance	10,778	9,719
Insurance	8,683	8,970
Public Aid assessment expense	7,063	7,842
Other	5,530	5,340
	436,237	408,178
Operating income	5,505	7,846
Nonoperating income (loss)		
Investment income	16,038	10,071
Income tax provision	(192)	(156)
Other	711	518
	16,557	10,433
Revenue in excess of expenses	$ 22,062	$ 18,279

(Continued)

SwedishAmerican Hospital and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended May 31, 2011 and 2010
(in thousands)

	2011	2010
Unrestricted net assets		
Revenue in excess of expenses	**$ 22,062**	$ 18,279
Net assets released from restrictions used for property and equipment	**1,141**	460
Other	**(31)**	(14)
Increase in unrestricted net assets	**23,172**	18,725
Temporarily restricted net assets		
Contributions and other	**702**	479
Investment income (loss)	**34**	(1)
Net change in unrealized gains and losses on investments	**272**	152
Change in value of split-interest agreements	**56**	45
Net assets released from restrictions	**(1,428)**	(684)
Decrease in temporarily restricted net assets	**(364)**	(9)
Permanently restricted net assets		
Contributions	**94**	13
Change in beneficial interest in perpetual trust	**461**	307
Increase in permanently restricted net assets	**555**	320
Increase in net assets	**23,363**	19,036
Net assets, beginning of year	**218,103**	199,067
Net assets, end of year	**$ 241,466**	$ 218,103

See Notes to Consolidated Financial Statements

SwedishAmerican Hospital and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended May 31, 2011 and 2010
(in thousands)

	2011	2010
Cash Flows From Operating Activities		
Increase in net assets	$ **23,363**	$ 19,036
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**19,323**	18,100
Provision for bad debts	**36,447**	35,611
Net change in unrealized gains and losses on investments	**(9,129)**	(6,023)
Net change in fair value of beneficial interest in perpetual trust	**(481)**	(410)
Restricted contributions	**(796)**	(492)
Changes in net cash from		
(Increase) in patient accounts receivable	**(31,330)**	(30,529)
(Increase) in inventories and other assets	**(3,182)**	(1,574)
Increase in accounts payable, accrued expenses, and other liabilities	**9,184**	7,301
Increase (decrease) in estimated settlements due to third-party payors	**(1,392)**	3,686
Increase in due to affiliated organizations, net	**809**	1,676
Net cash provided by operating activities	**42,816**	46,382
Cash Flows From Investing Activities		
Purchases of property and equipment, net	**(17,267)**	(14,964)
Purchases of investments and assets limited as to use	**(85,784)**	(102,628)
Sales and maturities of investments and assets limited as to use	**73,590**	71,856
Distributions from beneficial interest in perpetual trust	**105**	80
Cash paid for Advanced Care & Treatment Medical Group, S C	**-**	(1,375)
Cash paid for Lundholm Surgical Group, LTD	**(790)**	-
Net cash used in investing activities	**(30,146)**	(47,031)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	**-**	25,000
Bond issuance costs paid	**(57)**	(237)
Payment of note payable	**-**	(25,000)
Principal payments on long-term debt	**(4,963)**	(2,547)
Payment of accounts payable for property and equipment	**(720)**	(217)
Restricted contributions received	**796**	492
Net cash used in financing activities	**(4,944)**	(2,509)
Increase (decrease) in cash and cash equivalents	**7,726**	(3,158)
Cash and cash equivalents, beginning of year	**21,177**	24,335
Cash and cash equivalents, end of year	$ **28,903**	$ 21,177

(Continued)

SwedishAmerican Hospital and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended May 31, 2011 and 2010
(in thousands)

	2011	2010
Supplemental Schedule of Noncash Investing and Financing Activities		
Purchases of property and equipment in accounts payable	**$ 1,863**	$ 720
Equipment acquired through capital lease	**$ 1,410**	$ -
Cash paid for Advance Care & Treatment Medical Group S C		$ 1,375
Fair value of assets acquired		
Fixed assets		$ 297
Inventory		136
Goodwill		942
		$ 1,375
Cash paid for Lundholm Surgical Group, LTD	**$ 790**	
Fair value of assets acquired		
Equipment	**$ 240**	
Working capital	**125**	
Goodwill	**425**	
	$ 790	

See Notes to Consolidated Financial Statements

Note 1. Organization and Significant Accounting Policies

SwedishAmerican Hospital and Subsidiaries (Hospital) is a not-for-profit hospital organized to provide and promote health care to the public for patients who primarily reside in Rockford, Illinois, and the surrounding area It is controlled by a parent company, SwedishAmerican Health System Corporation (Corporation)

The consolidated financial statements include the accounts and transactions of the Hospital and SwedishAmerican Foundation (Foundation) The purpose of the Foundation is to conduct programs and fundraising that supports and benefits the Hospital

All significant intercompany transactions have been eliminated in consolidation

Through its relationship with the Corporation, the Hospital is also an affiliate of the following organizations

- State and Charles, Inc – A taxable subsidiary of the Corporation whose purpose is to serve as a holding company
- SwedishAmerican Realty Corporation – A tax-exempt subsidiary under Section 501(c)(2) of the Internal Revenue Code that serves as a real estate holding company
- SwedishAmerican Health Management Corporation (SAHM) – A taxable subsidiary of the Corporation whose purpose is to provide nonpatient health-related services to other organizations
- LSG Building Corporation – A taxable subsidiary of the Corporation whose purpose is to serve as a real estate holding company

A summary of significant accounting policies is as follows

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenue and expenses during the reporting period The use of estimates and assumptions in the preparation of the accompanying financial statements is primarily related to the determination of net patient accounts receivable, settlements with third-party payors, the self-insurance accrual and the net future cash flows used in the calculation of fair value of the intangible asset Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ

Cash and cash equivalents: All investments that are not limited as to use with an original maturity of three months or less when purchased are reflected as cash and cash equivalents

Throughout the year, the Hospital may have amounts on deposit with financial institutions in excess of those insured by the FDIC The Hospital has not experienced any losses in such accounts

Note 1. Organization and Significant Accounting Policies (Continued)

Patient accounts receivable and due from/to third-party payors: The collection of receivables from third-party payors and patients is the Hospital's primary source of cash for operations and is critical to its operating performance The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and co-payments) remain outstanding Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors

Patient receivables due directly from patients are carried at the original charge for the service provided, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts Patient receivables are written off when deemed uncollectible Recoveries of receivables previously written off are recorded when received The past due status of receivables is determined on a case-by-case basis depending on the payor responsible The Hospital generally does not charge interest on past due accounts Receivables or payables related to estimated settlements on various contracts that the Hospital participates in are reported as third-party payor receivables or payables

Assets limited as to use and investments: Assets limited as to use include cash and investments internally designated by the Board of Trustees for capital replacement and expansion, self-insurance, and deferred compensation agreements, which the Board, at its discretion, may subsequently use for other purposes Amounts required to meet current liabilities of the Hospital have been reclassified in the consolidated balance sheet as current assets Assets limited as to use and investments, not restricted by donors, are designated as trading securities

Investment income (including realized gains and losses on investments, interest, and dividends) is included in revenue in excess of expenses unless the income is restricted by donor or law Unrealized gains and losses on investment assets held are included in revenue in excess of expenses unless the unrealized gains and losses are restricted by donor or law

Inventories: Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market

Beneficial interest in trust assets: The Hospital has a beneficial interest in several perpetual trusts, which is measured by the Hospital's share of the fair value of the underlying trusts' net assets The change in the Hospital's share of the fair value of the trusts' net assets as of each fiscal year-end is recognized as an adjustment to beneficial interest in trust assets and as a change in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the underlying donor restriction

Deferred bond issuance costs: Costs incurred in connection with the issuance or refinancing of long-term debt are deferred and amortized over the term of the related financing using the bonds outstanding method

Property and equipment: Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

The estimated useful lives of depreciable property and equipment range from 5 to 25 years for land improvements, 10 to 40 years for buildings, and 3 to 20 years for furniture and fixtures

(Dollars in thousands)

Note 1. Organization and Significant Accounting Policies (Continued)

Intangible asset: The intangible asset consists of an acute care bed license for the Hospital's Belvidere, Illinois, facility The asset is carried at cost and has an indefinite useful life The intangible asset is tested for impairment at least annually and more frequently if events and circumstances indicate the asset may be impaired The impairment test consists of a comparison of the fair value of the intangible asset with its carrying value If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to the excess The Hospital also evaluates the remaining useful life of the intangible asset each reporting period to determine whether events and circumstances continue to support an indefinite useful life If the intangible asset is subsequently determined to have a finite useful life, the asset will be amortized prospectively over its remaining estimated useful life

Goodwill: The Hospital's goodwill was recorded as a result of certain business combinations Goodwill is recorded at cost less amortization that had accumulated as of June 1, 2010 when goodwill became nonamortizable due to the adoption of new guidance provided by the Financial Accounting Standards Board (FASB) Effective June 1, 2010, the Hospital tests its recorded goodwill for impairment on an annual basis, or more often if indicators of potential impairment exist, by determining if the carrying value of each reporting unit exceeds its estimated fair value The Hospital determines the fair value of its reporting units utilizing the discounted cash flows model During 2011, the Hospital determined that no impairment existed

The changes in the carrying amount of goodwill were as follows for the years ended May 31, 2011 and 2010

	2011	2010
Beginning balance	$ 4,465	$ 3,617
Amortization	-	(94)
Goodwill recognized during the period	425	942
Ending balance	$ 4,890	$ 4,465

There are no accumulated impairment losses associated with the recorded goodwill balances

Impairment of long-lived assets: The Hospital reviews the carrying value of its long-lived assets, excluding goodwill and indefinite lived intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset may no longer be appropriate The Hospital assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value Impairment losses related to investments are recognized in unrestricted investment income All other impairment write-downs are recognized in operating income at the time the impairment is identified

Self-insurance: The provision for the self-insured general and professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported The provision is actuarially determined

Note 1. Organization and Significant Accounting Policies (Continued)

Donor-restricted gifts: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions

Temporarily and permanently restricted net assets: Temporarily restricted net assets are assets whose use has been restricted by donors to a specific time period or purpose Assets released from restrictions that are used for the purchase of property and equipment or capital purposes are reported in the consolidated statements of operations and changes in net assets as additions to unrestricted net assets Assets released from restrictions that are used for operating purposes are reported in the consolidated statements of operations and changes in net assets as unrestricted revenues, gains, and other support Restricted earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with donors' specifications

Permanently restricted net assets are subject to donor-imposed stipulations requiring that they be maintained permanently by the Hospital Earnings on the permanently restricted net assets are recorded as increases in temporarily restricted net assets in accordance with donor intent, or until appropriated if donor intent is not expressed

Net patient service revenue: The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, certain of which are subject to audit by administering agencies Those adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined

Uncompensated care and community service: The Hospital provides care to all patients regardless of their ability to pay Uncompensated care and community service provided by the Hospital are excluded from net patient service revenue

Operating income: The consolidated statements of operations and changes in net assets include an intermediate measure of operations, operating income, which represents the activity of the ongoing operations of the Hospital Other income and expense, excluded from operating income, consist primarily of nonrecurring transactions and transactions that are outside of the Hospital's primary health care activities

Revenue in excess of expenses: The consolidated statements of operations and changes in net assets include revenue in excess of expenses Changes in unrestricted net assets, which are excluded from revenue in excess of expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, contributions of long-lived assets, including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets, discontinued operations, and the cumulative effects of changes in accounting principles

Note 1. Organization and Significant Accounting Policies (Continued)

Income taxes: The Hospital and Foundation have received determination letters from the Internal Revenue Service stating they are tax-exempt under Section 501(c)(3) of the Internal Revenue Code

The Hospital and Foundation file a Form 990 (Return of Organization Exempt from Income Tax) annually When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained Examples of tax positions common to hospitals and foundations include such matters as the following tax-exempt status of each entity, the continued tax-exempt status of bonds issued by the obligated group, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT) UBIT is reported on Internal Revenue Service Form 990-T, as appropriate The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the tax position will be sustained upon examination, including the resolution of appeals or litigation processes if any

Forms 990 filed by the Hospital and the Foundation are subject to examination up to three years from the extended due date of each return Forms 990 filed by the Hospital and the Foundation are no longer subject to examination for tax years before May 31, 2008

Tax positions are not offset or aggregated with other positions Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority The portion of the benefits associated with the tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination At May 31, 2011 and 2010, there were no unrecognized tax benefits identified or recorded as liabilities

Donated services: A number of volunteers have donated services to the Hospital's program services and fundraising campaigns during the year, however, the value of these donated services is not reflected in the financial statements since the services do not require specialized skills

Subsequent events: The Hospital has evaluated subsequent events for potential recognition and/or disclosure through August 24, 2011, the date the financial statements were issued

Adopted accounting standard: The Hospital adopted FASB guidance related to the accounting for mergers and acquisitions for not-for-profit entities during fiscal year 2011 The FASB guidance establishes principles and requirements for how a not-for-profit entity determines whether a combination is a merger or acquisition and provides accounting guidance on mergers and acquisitions The Hospital had one new acquisition during fiscal year 2011 (see Note 2) The FASB guidance also amends other guidance related to goodwill and intangible assets to make it fully applicable to not-for-profit entities As a result of the amendments, the Hospital ceased amortization of its goodwill acquired in prior business combinations and evaluated goodwill for impairment

Note 1. Organization and Significant Accounting Policies (Continued)

Pending accounting pronouncements: The FASB has issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements*, to provide more and improved disclosures about fair value measurements This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* This ASU requires certain new disclosures, including detail about the activity in Level 3 fair value measurements In the reconciliation of fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (i e , on a gross basis rather than as one net number) These disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. In the period of and periods after initial adoption, comparative disclosures are required only for periods ending after initial adoption

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure,* which amended ASC 954, *Health Care Entities,* to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care between cost basis and revenue basis. The amendments require that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care The amendments also require disclosure of the method used to identify or determine such costs. The amendments are effective for fiscal years beginning after December 15, 2010 and should be applied retrospectively to all prior periods presented Early adoption is permitted.

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which amended ASC 954, *Health Care Entities,* to address current diversity in practice related to the accounting by health care entities for medical malpractice claims and similar liabilities and their related anticipated insurance recoveries. The amendments clarify that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the claim liability should be determined without consideration of insurance recoveries. The amendments are effective for fiscal years beginning after December 15, 2010 A cumulative-effect adjustment should be recognized in opening retained earnings in the period of adoption if a difference exists between any liabilities and insurance receivables recorded as a result of applying the amendments Early adoption or retrospective adoption of the amendments is permitted

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs,* which amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures The amendments are to be applied prospectively and are effective for periods beginning after December 15, 2011 Early adoption is prohibited.

Note 1. Organization and Significant Accounting Policies (Continued)

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* which amended ASC 954, *Health Care* Entities, to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts The amendments require health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations The amendments in this Update require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts The amendments are effective for the first period beginning after December 15, 2011, and interim and annual periods thereafter, with early adoption permitted The amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented The disclosures required by the amendments should be provided for the period of adoption and subsequent reporting periods

Management of the Hospital is currently evaluating the effect that the above guidance will have on the Hospital's consolidated financial statements

Note 2. Acquisitions

On January 25, 2011, the Hospital acquired for cash certain assets of Lundholm Surgical Group, Ltd , a physician practice, for $790 As a result of the acquisition, the Hospital expanded its physician network Acquisition related costs were not significant and were expensed and included in professional fees in the accompanying consolidated statements of operations and changes in net assets for the year ended May 31, 2011 The goodwill of approximately $425 arising from the acquisition consists largely of the value of the assembled workforce that the Hospital brought into their operations The tangible assets acquired consist of inventory of $125 and equipment of $240 The transaction was accounted for as an acquisition

In the May 31, 2010 financial statements, Northern Illinois Scanning (NIS), a partnership, which owned and operated computed tomography (CT) equipment in space leased by the Hospital, was a consolidated subsidiary of the Hospital The Hospital owned a 99% interest, with the remaining 1% minority interest held by SwedishAmerican Health Management, an affiliate of the Hospital On December 15, 2010, the Hospital acquired the minority interest from SwedishAmerican Health Management for the book value of $31 and the NIS was merged into the Hospital

On May 18, 2010 the Hospital purchased certain assets of Advanced Care & Treatment Medical Group, S C for $1,375 The acquisition was accounted for as a business combination, using the purchase method of accounting In connection with the acquisition, $433 was assigned to inventory and equipment and $942 was assigned to goodwill

Note 3. Contractual Arrangements With Third-Party Payors

The Hospital provides care to certain patients under Medicare and Medicaid programs The Medicare program pays for substantially all inpatient and outpatient services at predetermined rates under its corresponding prospective payment system based on treatment diagnosis The Medicaid program reimburses the Hospital for inpatient and outpatient services at predetermined rates Changes in the Medicare and Medicaid programs and reductions of funding levels could have an adverse effect on the future amounts recognized as net patient service revenue

The Hospital has also entered into payment arrangements with certain managed care organizations The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, daily rates and discounts from established charges

Medicare, Medicaid, and managed care arrangements account for 28%, 12%, and 40% of net patient service revenue for the year ended May 31, 2011, respectively, and 30%, 13%, and 38% for the year ended May 31, 2010, respectively Provision has been made in the consolidated financial statements for estimated contractual adjustments, representing the difference between the standard charges for services and actual or estimated payment

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party arrangements Major components of net patient accounts receivable include 14% from Medicare, 6% from Medicaid, and 35% from managed care contracts at May 31, 2011, and 15% from Medicare, 7% from Medicaid, and 30% from managed care contracts at May 31, 2010

Estimates for cost report settlements and contractual allowances can differ from actual reimbursements based on the results of subsequent reviews and cost report audits Changes in estimated third-party valuation allowances that relate to prior years are reported in revenue in excess of expenses in the consolidated statements of operations and changes in net assets The impact of such items on revenue in excess of expenses was an increase (decrease) of approximately ($124) and $1,761 for the years ended May 31, 2011 and 2010, respectively

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states While management cannot predict the impact of future RAC audits or their effects on the consolidated statements of operations and changes in net assets or cash flows, management believes reserves adequately provide for potential findings and adjustments

(Dollars in thousands)

Note 3. Contractual Arrangements With Third-Party Payors (Continued)

In December 2004, the CMS approved State of Illinois (State) legislation for a Medicaid Hospital Assessment Program (Program) relating to the period May 9, 2004 to June 30, 2005 The laws and regulations authorizing this Program initially expired on June 30, 2005, but have been extended for the period July 1, 2005 to June 30, 2014 There is no assurance of the continuation of this program after June 30, 2014 Under the Program, the Hospital received additional Medicaid reimbursement from the State and paid a related assessment tax Total reimbursement revenue recognized by the Hospital related to this Program amounted to $23,335 during the years ended May 31, 2011 and 2010, respectively Total assessment tax incurred by the Hospital related to this program amounted to $7,063 and $7,842 during the years ended May 31, 2011 and 2010, respectively In connection with the Program, the Hospital made voluntary contributions to the Illinois Hospital Research and Educational Foundation (IHREF) of $302 and $279 during the years ended May 31, 2011 and 2010, respectively, which are included in other expense on the consolidated statements of operations and changes in net assets The Hospital expects the net revenue from the Program for each of the years ending May 31, 2012 through 2014 to be approximately $15,500 and 2015 to be approximately $1,300

Note 4. Uncompensated Care and Community Service

Unreimbursed charges incurred by the Hospital in providing uncompensated care to indigent patients under the Medicaid program and other patients who are unable to pay for services provided amounted to the following for the years ended May 31, 2011 and 2010

	2011	2010
Medicaid allowances	$ 177,409	$ 152,201
Charity care	43,799	32,383
Bad debt expense	36,447	35,611

In addition, the Hospital, in furtherance of its commitment to the community, also incurs significant time and commits significant resources to meet otherwise unfulfilled needs Many of these activities are sponsored with the knowledge that they will not be self-supporting or independently financially viable These programs, oriented to the economically disadvantaged, medically underserved, or elderly, as well as to the community at large, include health screening and assessments, prevention, prenatal and nutritional services, and care for children

On April 1, 2009, the Illinois Hospital Uninsured Patient Discount Act (the Act) became law This Act requires hospitals to provide certain mandated discounts from charges to the uninsured in Illinois Charges are to be discounted up to 135% of cost for eligible uninsured Illinois residents, based on income and federal poverty guidelines Furthermore, a hospital may not collect more than 25% of an eligible uninsured family's gross income in any 12-month period The Hospital modified its charity care policy to comply with the uncompensated care mandated under the Act

(Dollars in thousands)

Note 5. Assets Limited as to Use and Investments

The composition of assets limited as to use and investments is as follows at May 31

	2011	2010
Mutual funds	$ 22,782	$ 15,009
Certificates of deposit	203	593
Money market funds	808	421
Corporate bonds and notes	29,845	31,056
Government and agency obligations	76,354	73,241
Equity securities	37,312	25,686
Other	115	90
	$ 167,419	$ 146,096

These amounts are included on the consolidated balance sheets as follows

	2011	2010
Short-term investments	$ 4,236	$ 7,180
Assets limited as to use		
Internally designated for capital replacement and expansion	246	285
Internally designated for self-insurance fund	13,170	9,507
Internally designated for deferred compensation agreements	8,925	7,034
Investments	140,842	122,090
	$ 167,419	$ 146,096

Total unrestricted investment income (loss) from assets limited as to use, investments, and cash and cash equivalents consists of the following

	2011	2010
Investment income (loss) - unrestricted		
Interest and dividend income	$ 6,166	$ 4,958
Net realized (loss) from sale of investments	1,638	(127)
Net change in unrealized gains and losses on trading securities	8,857	5,871
Investment fee expense	(623)	(631)
	$ 16,038	$ 10,071

(Dollars in thousands)

Note 6. Endowment Funds

The Hospital's endowment consists of 11 individual funds established for a variety of purposes Its endowment includes donor-restricted endowment funds As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

On June 30, 2009, the governor of the State of Illinois signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA) UPMIFA differs from laws previously in place in a few key areas It eliminates the historic dollar value rule with respect to endowment fund spending, it updates the prudence standard for the management and investment of charitable funds, and it amends the provisions governing the release and modification of restrictions on charitable funds The passing of the UPMIFA law was determined to have no significant impact on the Hospital's classification of net assets or its policy

Interpretation of Relevant Law

The Board of Trustees of the Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those assets have been appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed in UPMIFA In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds

1 The duration and preservation of the fund,
2 The purpose of the Hospital and the donor-restricted endowment fund,
3 General economic conditions,
4 The possible effect of inflation and deflation,
5 The expected total return from income and the appreciation of investments,
6 Other resources of the Hospital, and
7 The investment policies of the Hospital

The Hospital's endowment net asset composition by type of fund is as follows for the years ended May 31

	2011				2010			
		Temporarily	Permanently			Temporarily	Permanently	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
Donor-restricted	$ -	$ 741	$ 1,972	$ 2,713	$ -	$ 472	$ 1,878	$ 2,350

(Dollars in thousands)

Note 6. Endowment Funds (Continued)

The changes in endowment net assets for the Hospital were as follows for the years ended May 31

	2011				2010			
		Temporarily	Permanently			Temporarily	Permanently	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
Endowment net assets, beginning of year	$ -	$ 472	$ 1,878	$ 2,350	$ -	$ 338	$ 1,865	$ 2,203
Investment return								
Investment (loss)	-	31	-	31	-	(1)	-	(1)
Net appreciation (realized and unrealized)	-	272	-	272	-	152	-	152
Total investment return	-	303	-	303	-	151	-	151
Contributions	-	4	94	98	-	-	13	13
Appropriation of endowment assets for expenditure	-	(38)	-	(38)	-	(17)	-	(17)
Endowment net assets, end of year	$ -	$ 741	$ 1,972	$ 2,713	$ -	$ 472	$ 1,878	$ 2,350

Funds with Deficiencies

At May 31, 2011 and 2010, there were no endowment funds with deficiencies

(Dollars in thousands)

Note 6. Endowment Funds (Continued)

Return Objectives and Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets to preserve capital while earning market rates without undue risk Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specified period(s) Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Hospital's policy is to invest endowment funds in both fixed income and equity securities with a maximum amount of equity securities at 70% Management believes this strategy will help to achieve the Hospital's long-term return objectives within prudent risk constraints

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Hospital's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period

Note 7. Property and Equipment and Commitments

Property and equipment consist of the following at May 31

	2011	2010
Land and improvements	$ 9,510	$ 9,366
Buildings	111,111	107,264
Furniture and equipment	235,706	223,663
Construction in progress	5,046	3,087
	361,373	343,380
Less accumulated depreciation	200,889	184,401
	$ 160,484	$ 158,979

At May 31, 2011, the Hospital has commitments totaling approximately $2,818 for a variety of construction projects and equipment purchases Depreciation expense during the years ended May 31, 2011 and 2010 was $19,274 and $17,987, respectively

(Dollars in thousands)

Note 8. Notes Payable and Long-Term Debt

Long-term debt consists of the following at May 31

	2011	2010
Illinois Health Facilities Authority Revenue Bonds, Series 2004, coupon rates of 3 75% to 5 00%, yields of 4 39% and 4 78%, principal payable in varying installments due November 15 of each year through 2031	$ 88,095	$ 90,550
Illinois Health Facilities Authority Revenue Bonds, Series 2010, fixed rate of 4 05%, $625 principal payable semiannually of each year through April 15, 2030	23,750	25,000
Term note payable with a bank, paid in 2011	-	885
Capitalized equipment lease	1,036	-
Sub-total	112,881	116,435
Unamortized bond premium	2,759	2,993
	115,640	119,428
Less current maturities	(4,411)	(4,167)
	$ 111,229	$ 115,261

Effective December 24, 2004, the Illinois Finance Authority, on behalf of the Hospital, issued $100,995 of fixed rate Revenue Bonds, Series 2004 (Series 2004 Bonds) The proceeds of the Series 2004 Bonds were used, together with other available funds, to pay or reimburse the Hospital for certain costs of acquiring, constructing, renovating, remodeling, and equipping certain health facilities of the Hospital, including, but not limited to, construction and equipping of a new four-story freestanding cardiac hospital facility and the renovation of the Hospital's existing inpatient/outpatient surgery area and cardiac catheterization laboratory, to pay previously outstanding debt obligations, and to pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds Effective April 19, 2010, the Illinois Finance Authority, on behalf of the Hospital, issued $25,000 of direct fixed rate Revenue Bonds, Series 2010 (Series 2010 Bonds) The proceeds of the bonds were used to repay a $25,000 note payable to a bank

The Series 2004 and 2010 Bonds were issued pursuant to a Master Trust Indenture, as supplemented, which contains various covenants, including achievement of specified financial ratios and limitations on additional debt Among other covenants in connection with the loan agreements for the Series 2004 and 2010 Bonds, the Hospital has agreed to limit disposals of assets and transfers of cash to nonobligated affiliates The bonds are secured by unrestricted receivables of the obligated group as defined in the Master Trust Indenture The obligated group consists of the Hospital and the Foundation The Series 2004 bonds are guaranteed by a bond insurer As a provision of the Master Trust Indenture, the obligated group will execute a mortgage with respect to certain real and personal property and grant a security interest in its gross revenues as defined in the Master Trust Indenture if certain covenants are not maintained

(Dollars in thousands)

Note 8. Notes Payable and Long-Term Debt (Continued)

Interest payments for the years ended May 31, 2011 and 2010 totaled $5,463 and $5,149, respectively

Interest cost incurred for the years ended May 31, 2011 and 2010 totaled $5,469 and $5,144, respectively The amount of interest capitalized for the years ended May 31, 2011 and 2010 totaled $413 and $257, respectively

The Hospital leases certain equipment under a capital lease obligation, which is payable in annual installments of $389, at an imputed interest rate of 4 05% The cost of the equipment acquired through a capital lease was $1,410 at May 31, 2011 Amortization expense on the capital lease for the year ended May 31, 2011 was $15

Maturities required on long-term debt at May 31, 2011 due in future years are as follows

Year Ending May 31,	Long-Term Debt	Capital Lease Obligation
2012	$ 4,052	$ 389
2013	4,175	389
2014	4,308	389
2015	4,445	-
2016	4,582	-
Thereafter	93,042	-
	114,604	1,167
Less amount representing interest	-	(131)
	$ 114,604	$ 1,036

Note 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets, $1,891 in 2011 and $2,255 in 2010, are available for medical education and other health care programs and property and equipment

Permanently restricted net assets, $5,636 in 2011 and $5,081 in 2010, are investments to be held in perpetuity, the income from which is expendable to support health care services and is reported as increases in temporarily restricted net assets

Note 10. Fair Value Disclosures

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories

Level 1 – Quoted market prices in active markets for identical assets or liabilities
Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data
Level 3 – Unobservable inputs that are not corroborated by market data

The following is a description of the valuation methodology used for the Hospital's assets carried at fair value

Investment Securities – Level 1

The fair value of investment securities that are considered Level 1 is the market value based on quoted prices, when available, or market prices provided by recognized broker dealers

Corporate Bonds and Notes – Level 2

The fair value of corporate bonds and notes that are considered Level 2 is determined using a discounted cash flow model and inputs such as stated coupon, yield and maturity date as well as LIBOR or Treasury yield plus a credit spread based on other market data

Government and Agency Obligations – Level 2

The fair value of government and agency obligations that are considered Level 2 is determined based on the quoted yield on a treasury security that is most similar to the security being valued, adjusted for variances in the maturity, coupon and other features

Beneficial Interest in Trust Assets

The fair value of the beneficial interest in trust assets represents the Hospital's proportionate interest in the value of the trusts The fair values of the trusts were provided by the respective trustees

In determining the appropriate levels, the Hospital performs a detailed analysis of the assets and liabilities carried at fair value in the consolidated financial statements At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3

(Dollars in thousands)

Note 10. Fair Value Disclosures (Continued)

Fair Value on a Recurring Basis

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of May 31, 2011 and 2010

	May 31, 2011			
	Total	Level 1	Level 2	Level 3
Assets				
Investments and Assets Limited as to Use				
Mutual funds - equity securities				
Large-cap	$ 4,865	$ 4,865	$ -	$ -
Medium-cap	781	781	-	-
Small-cap	6,459	6,459	-	-
International	7,420	7,420	-	-
Mutual funds - debt securities				
U S Government Agency	481	481	-	-
Corporate bonds	1,783	1,783	-	-
Mutual funds - commodity	993	993	-	-
Corporate bonds and notes	29,845	24,473	5,372	-
Government and agency obligations	76,354	61,083	15,271	-
Equity securities large-cap	37,312	37,312	-	-
Other	115	-	115	-
Beneficial Interest in Trust Assets	4,419	-	-	4,419
	$ 170,827	$ 145,650	$ 20,758	$ 4,419

	May 31, 2010			
	Total	Level 1	Level 2	Level 3
Assets				
Investments and Assets Limited as to Use				
Mutual funds - equity securities				
Large-cap	$ 3,719	$ 3,719	$ -	$ -
Medium-cap	657	657	-	-
Small-cap	4,343	4,343	-	-
International	4,413	4,413	-	-
Mutual funds - debt securities				
U S Government Agency	238	238	-	-
Corporate bonds	1,446	1,446	-	-
Mutual funds - commodity	193	193	-	-
Corporate bonds and notes	31,056	31,056	-	-
Government and agency obligations	73,241	73,241	-	-
Equity securities large-cap	25,686	25,686	-	-
Other	90	-	90	-
Beneficial interest in trust assets	4,043	-	-	4,043
	$ 149,125	$ 144,992	$ 90	$ 4,043

(Dollars in thousands)

Note 10. Fair Value Disclosures (Continued)

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows

	Beneficial Interest in Trust Assets	
	2011	2010
Balance, beginning	$ 4,043	$ 3,713
Distributions	(105)	(80)
Increase in value of beneficial interest in trust assets	481	410
Balance, ending	$ 4,419	$ 4,043

The following methods and assumptions were used by the Hospital to estimate the fair value of other financial instruments

- The carrying values of cash and cash equivalents, patient accounts receivable, notes receivable and other assets, accounts payable, accrued expenses and other, notes payable and estimated settlements due to third-party payors are reasonable estimates of their fair value due to the short-term nature of these financial instruments

- The estimated fair value of long-term debt is based on current traded value The fair value (including current maturities) is $108,445 and $114,512 at May 31, 2011 and 2010, respectively

- The fair value of due to affiliated organizations is not determinable, as fixed payment terms have not been established The instruments are noninterest-bearing

Note 11. Operating Leases

The Hospital has noncancelable operating leases for data processing, medical and office equipment and leased space The future minimum rental payments of these leases are as follows

Year Ended May 31,	
2012	$ 2,108
2013	1,889
2014	1,487
2015	870
2016	524
Thereafter	1,714
	$ 8,592

Rental expense for the years ended May 31, 2011 and 2010 totaled $8,575 and $8,333, respectively

Note 12. Benefit Plans

The Hospital employees and employees of the Hospital's subsidiaries participate in two defined-contribution pension plans sponsored by the Hospital Contributions depend upon employee earnings, length of service, and employee contributions The Hospital's contributions to these plans totaled $6,841 and $6,484 for the years ended May 31, 2011 and 2010, respectively

In addition, the Hospital sponsors a defined-benefit health care plan that provides postretirement medical benefits to the Hospital's and certain of its affiliates' employees and their dependents through age 70 Eligibility requirements are 20 years of service and the attainment of age 55 Effective January 1, 2000, retiree premiums cover the entire cost of coverage

Note 13. Deferred Compensation Agreements

The Hospital has deferred compensation plans for certain executives and physicians Certain plans are currently frozen and are recorded as an asset and a liability on the Hospital's balance sheet Activity primarily consists of distributions to participants and investment return There is no corporate contribution to the physician plans

Note 14. Insurance and Contingencies

The Hospital is self-insured for general liability and professional liability claims up to certain specified limits arising from incidents occurring after February 1, 1976 The Hospital carries claims-made professional and general liability insurance up to certain specified limits for claims in excess of self-insured retention Such coverage has been arranged through November 15, 2011 The Hospital carries claims-made professional liability insurance up to certain specified limits for its employed physicians Such coverage has been arranged through April 1, 2012

Accruals for self-insured professional liability risks are included in long-term liabilities on the consolidated balance sheets The amounts are determined by assessing asserted and unasserted claims identified by management's incident reporting system and are estimated by an independent consulting actuary based on industry and the Hospital's own historical reporting patterns using a discount rate of 5% at both May 31, 2011 and 2010 Although the ultimate settlement of these accruals may vary from these estimates, management believes that the amounts provided in the consolidated financial statements are adequate The insurance accruals could be adversely affected if actual payments of claims exceed management's projected estimates of claims

If accrued losses had not been discounted, the estimated liability would be approximately $2,717 and $2,303 higher than the amounts recorded in the consolidated balance sheets as of May 31, 2011 and 2010, respectively

The Hospital is funding its self-insured risks with a bank based on a report of consulting actuaries

The Hospital is a defendant in various lawsuits arising in the ordinary course of business Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Hospital's financial condition

(Dollars in thousands)

Note 15. Related Party Transactions

During the years ended May 31, 2011 and 2010, the Hospital realized revenue of approximately $4,151 and $3,955, respectively, primarily from the sale of services and materials to its parent and affiliates and the rental of property to its affiliates During the years ended May 31, 2011 and 2010, the Hospital incurred net expenses of approximately $10,442 and $9,394, respectively, primarily from the purchases of services and rental of property from its affiliates

Note 16. Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to these functions for the years ended May 31, 2011 and 2010 are as follows

	2011	2010
Direct patient services	$ 426,305	$ 398,885
Support services	8,160	7,704
Fundraising	1,772	1,589
	$ 436,237	$ 408,178

Certain costs have been allocated between direct patient services and support services

Note 17. Investments in Nonconsolidated Affiliates

The Hospital has equity interests in the following organizations

- The Featherstone Partnership, L P , which operates a standalone surgery center located in Rockford, Illinois The Hospital's interest is 34%
- Northern Illinois Imaging, a general partnership, which was formed to own and operate medical resonance imaging equipment in space leased from the Hospital The Hospital's interest is 50%
- Northern Illinois Vein Clinic, a general partnership, which was formed to own and operate radio frequency equipment to treat vein conditions The Hospital's interest is 50%
- Rochelle Clinic, LLC, which was formed to operate a primary care physician office in Rochelle, Illinois The Hospital's interest was 50% at May 31, 2010 This LLC was dissolved during fiscal year 2011 and the impact on the Hospital's financial statements was insignificant

Aggregate financial information relating to these investments as of and for the years ended May 31 is as follows

	2011	2010
Assets	$ 8,883	$ 9,200
Liabilities	3,611	3,945
Net income	6,169	6,631

Note 17. Investments in Nonconsolidated Affiliates (Continued)

The Hospital's investment in nonconsolidated affiliates totaled $1,962 and $1,957 at May 31, 2011 and 2010, respectively, and is included in notes receivable and other assets on the consolidated balance sheets The Hospital's income in the earnings of nonconsolidated affiliates totaled $2,881 and $3,218 for the years ended May 31, 2011 and 2010, respectively Approximately $2,046 and $2,703 are included in other operating revenue, approximately $835 and $515 are included in other nonoperating income (expense) on the consolidated statements of operations, and changes in net assets for the years ended May 31, 2011 and 2010, respectively

Note 18. Subsequent Events

On June 1, 2011, the Hospital purchased certain assets of Rock Valley Women's Health Center, LLC, for $979 On July 15, 2011, the Hospital purchased the remaining 50% partnership interest in Northern Illinois Imaging for $2,450 The transactions will be accounted for as acquisitions Management of the Hospital is still in the process of determining the fair value of the assets acquired and liabilities assumed and the resulting goodwill, if any

McGladrey

Independent Auditor's Report on the Supplementary Information

To the Board of Trustees
SwedishAmerican Hospital
Rockford, Illinois

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole

McGladrey & Pullen, LLP

Rockford, Illinois
August 24, 2011

SwedishAmerican Hospital and Subsidiaries

Consolidating Balance Sheet
May 31, 2011
(in thousands)

Assets	Consolidated	Eliminations	SwedishAmerican Hospital	SwedishAmerican Foundation
Current Assets				
Cash and cash equivalents	$ 28,903	$ -	$ 27,361	$ 1,542
Short-term investments	4,236	-	4,068	168
Patient accounts receivable, less allowances for uncollectible accounts	56,790	-	56,790	-
Inventories	4,972	-	4,972	-
Prepaid expenses and other assets	8,547	-	8,401	146
Total current assets	103,448	-	101,592	1,856
Other Assets				
Assets limited as to use				
Internally designated for capital replacement and expansion	246	-	246	-
Internally designated for self-insurance fund	13,170	-	13,170	-
Internally designated for deferred compensation agreements	8,925	-	8,925	-
Investments	140,842	-	132,995	7,847
Beneficial interest in trust assets	4,419	-	-	4,419
Contribution receivable from lead trust	287	-	-	287
Deferred bond issuance costs, net	3,237	-	3,237	-
Goodwill	4,890	-	4,890	-
Intangible asset	9,001	-	9,001	-
Notes receivable and other assets	3,181	-	2,463	718
Interest in net assets of recipient organization	-	(8,564)	8,564	-
	188,198	(8,564)	183,491	13,271
Property and Equipment, net	160,484	-	158,664	1,820
Total assets	$ 452,130	$ (8,564)	$ 443,747	$ 16,947

SwedishAmerican Hospital and Subsidiaries

Consolidating Balance Sheet (Continued)
May 31, 2011
(in thousands)

Liabilities and Net Assets	Consolidated	Eliminations	SwedishAmerican Hospital	SwedishAmerican Foundation
Current Liabilities				
Accounts payable	$ 13,897	$ -	$ 13,863	$ 34
Accrued expenses and other	32,180	-	31,518	662
Estimated settlements due to third-party payors	15,320	-	15,320	-
Current maturities of long-term debt	4,411	-	4,411	-
Total current liabilities	65,808	-	65,112	696
Noncurrent Liabilities				
Long-term debt, less current maturities	111,229	-	111,229	-
Self-insurance	13,067	-	13,067	-
Due to affiliated organizations	11,333	-	3,646	7 687
Deferred compensation agreements	8,925	-	8,925	-
Other	302	-	302	-
	144,856	-	137,169	7,687
Total liabilities	210,664	-	202,281	8,383
Net Assets				
Unrestricted	233,939	(1,037)	233,939	1,037
Temporarily restricted	1,891	(1,891)	1,891	1,891
Permanently restricted	5,636	(5,636)	5,636	5,636
Total net assets	241,466	(8,564)	241,466	8,564
Total liabilities and net assets	$ 452,130	$ (8,564)	$ 443,747	$ 16,947

SwedishAmerican Hospital and Subsidiaries

Consolidating Schedule of Operations
Year Ended May 31, 2011
(in thousands)

	Consolidated	Eliminations	SwedishAmerican Hospital	SwedishAmerican Foundation
Unrestricted revenues, gains and other support				
Net patient service revenue	$ 402,201	$ -	$ 402,201	$ -
Public Aid assessment revenue	23,335	-	23,335	-
Other revenue	15,919	-	15,651	268
Net assets released from restrictions - used for operating purposes	287	-	38	249
	441,742	-	441,225	517
Expenses				
Salaries and fringe benefits	207,882	-	207,391	491
Supplies and purchased services	109,099	-	108,588	511
Professional fees	19,898	-	19,892	6
Management fees	2,629	-	2,629	-
Provision for bad debts	36,447	-	36,447	-
Depreciation and amortization	19,323	-	19,188	135
Interest	5,056	-	5,056	-
Utilities	3,849	-	3,812	37
Repairs and maintenance	10,778	-	10,695	83
Insurance	8,683	-	8,646	37
Public Aid assessment expense	7,063	-	7,063	-
Other	5,530	-	5,058	472
	436,237	-	434,465	1,772
Operating income (loss)	5,505	-	6,760	(1,255)
Nonoperating income (loss)				
Investment income	16,038	-	14,887	1,151
Income tax (provision)	(192)	-	(192)	-
Other	711	-	806	(95)
	16,557	-	15,501	1,056
Change in interest in recipient organization	-	199	(199)	-
Revenue in excess of (less than) expenses	$ 22,062	$ 199	$ 22,062	$ (199)

Additional Data

Software ID:
Software Version:
EIN: 36-2222696
Name: SWEDISHAMERICAN HOSPITAL

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
HELEN CHUNG HILL TRUSTEE	2 00	X						100	0	0
DANNY L COPELAND MD TRUSTEE	2 00	X						180,861	0	27,246
GORDON H GEDDES TRUSTEE	2 00	X						500	0	0
JAMES L GINGRICH TRUSTEE	2 00	X						100	0	0
ROBERT L HEADPHD TRUSTEE	2 00	X						100	0	0
DENNIS W JOHNSON TRUSTEE	2 00	X						100	0	0
GREGORY JURY TRUSTEE	2 00	X						100	0	0
MARCO T LENIS TRUSTEE	2 00	X						100	0	0
SARA FLEMING MD - EX OFFICIO TRUSTEE	2 00	X						100	0	0
FRAN MORRISSEY TRUSTEE	2 00	X						100	0	0
JOHN C MYERS MD TRUSTEE	2 00	X						474,570	0	21,112
JOHN SCHEUB MD TRUSTEE	2 00	X						100	0	0
STEVEN C SJOGREN TRUSTEE	2 00	X						100	0	0
JAMES WADDELL TRUSTEE	2 00	X						100	0	0
THOMAS R WALSH TRUSTEE	2 00	X						100	0	0
AMY WILCOX TRUSTEE	2 00	X						0	0	0
ALLEN WILLIAMS MD TRUSTEE	2 00	X						226,279	0	39,935
WILLIAM SCHULZ MD - EX OFFICIO TRUSTEE	2 00	X						543,538	0	41,865
PATRICK DERRY TRUSTEE	2 00	X						100	0	0
WILLIAM RGORSKI MD CHIEF EXECUTIVE OFFICER	40 00	X		X				706,992	0	207,101
RICHARD WALSH CHIEF OPERATING OFFICER	40 00	X		X				741,854	0	113,760
DAN LOESCHER SECOND V CHAIRMAN/TREAS	2 00	X		X				100	0	0
WILLIAM ROOP FIRST V CHAIRMAN/SECRETARY	2 00	X		X				100	0	0
DAVID R RYDELL IMMEDIATE PAST CHAIRMAN	2 00	X		X				100	0	0
FRANK WALTER CHAIRMAN	2 00	X		X				100	0	0

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DONALD HARING VP FINANCE/TREASURER	40 00			X				376,070	0	65,358
KATHLEEN KELLY MD VP MEDICAL AFFAIRS	40 00				X			394,721	0	68,275
HARVEY EINHORN MD PHYSICIAN	40 00					X		704,898	0	61,815
PRAKASH PEDAPATI MD PHYSICIAN	40 00					X		630,521	0	32,392
FAUZIA KHATTAK MD PHYSICIAN	40 00					X		518,499	0	33,104
MERAT ESFAHANI MD PHYSICIAN	40 00					X		805,772	0	31,989
STEVEN MILOS MD PHYSICIAN	40 00					X		641,116	0	18,330