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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 07-01-2010 and ending 06-30-2011

☐ Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization
Copley Memorial Hospital Inc
c/o Rush-Copley Medical Ctr
Doing Business As

Number and street (or P O box if mail is not delivered to street address)
2000 Ogden Avenue

Room/suite

City or town, state or country, and ZIP + 4
Aurora, IL 605044206

F Name and address of principal officer
Barry Finn
2000 Ogden Avenue
Aurora, IL 605044206

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 ▶

D Employer identification number
36-2170840

E Telephone number
(630) 978-6200

G Gross receipts \$ 305,348,523

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

J Website: ▶ www.rushcopley.com

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1886

M State of legal domicile IL

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities To provide advanced medicine with quality outcomes and extraordinary care		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	19
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	1,787
Revenue	6	Total number of volunteers (estimate if necessary)	6	300
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0
Expenses	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	677,877	1,965,618
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	259,085,071	267,943,666
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,397,630	3,639,156
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,062,149	703,514
			265,222,727	274,251,954
Net Assets or Fund Balances	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	25,552	24,679
	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)	103,109,884	109,990,657
	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)	137,985,318	136,590,734
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	241,120,754	246,606,070
	19	Revenue less expenses Subtract line 18 from line 12	24,101,973	27,645,884
			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	275,727,981	311,504,046
	21	Total liabilities (Part X, line 26)	162,707,114	172,324,068
	22	Net assets or fund balances Subtract line 21 from line 20	113,020,867	139,179,978

Part II

Signature Block

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

Sign Here

Signature of officer

Brenda VanWyhe CFO

Type or print name and title

2012-05-05
Date

Paid Preparer Use Only

Print/Type preparer's name

Firm's name ▶ Deloitte Tax LLP

Firm's address ▶ 111 South Wacker Drive
Chicago, IL 60606

Preparer's signature

Date

Check if self-employed ☐

PTIN

Firm's EIN ▶

Phone no ▶ (312) 486-1000

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y



















Form 990 (2010)

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

4d	Other program services (Describe in Schedule O)				
	(Expenses \$		including grants of \$		(Revenue \$)

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)? <i>If "Yes," complete Schedule A.</i> 	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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> 	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? <i>If "Yes," complete Schedule C, Part III.</i>	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	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, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Parts II and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	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? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>	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? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
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? <i>If "Yes," complete Schedule R, Part VI</i>	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 <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	129
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	1,787
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
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	1a19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b17		
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 filedIL
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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. Brenda VanWyhe 2000 Ogden Avenue Aurora, IL 60504 (630) 978-6200

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

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

Form **990** (2010)

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)								8,420,571	0	1,099,222

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▶129

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*

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*

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*

Yes

No

3 No

4 Yes

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
Sodexho 4880 Paysphere Circle Chicago, IL 60674	Food and Cleaning Service Management	2,786,910
Advocate Medical Group 1875 Dempster Suite 325 Park Ridge, IL 60068	Medical Services	1,157,458
Fox Valley Acute Dialysis 1300 Waterford Drive Lower Level Aurora, IL 60504	Dialysis	939,101
Anderson Mikos Architects 1420 Kensington Road Suite 306 Oak Brook, IL 60523	Architects	547,456
CHAN Healthcare Auditor 231 S Bemiston Suite 300 Clayton, MO 63105	Auditors	207,428

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 ▶16

Form 990 (2010)

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		1,965,618					
	b	Membership dues	1b							
	c	Fundraising events	1c							
	d	Related organizations	1d	1,965,618						
	e	Government grants (contributions)	1e							
	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						1,965,618		
	Program Service Revenue	2a	Business Code							
		Net Patient Revenue	621110	254,477,212	254,477,212					
b		Medicaid Tax Revenue	621110	13,466,454	13,466,454					
c										
d										
e										
f		All other program service revenue								
g		Total. Add lines 2a-2f			267,943,666					
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			2,449,873		2,449,873			
	4	Income from investment of tax-exempt bond proceeds . . .			247,425		247,425			
	5	Royalties								
	6a	Gross Rents	(i) Real	(ii) Personal	527,231		527,231			
			1,952,585							
	b	Less rental expenses		1,425,354						
	c	Rental income or (loss)		527,231						
	d	Net rental income or (loss)								
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other	941,858		941,858			
			30,597,601	15,472						
	b	Less cost or other basis and sales expenses		29,668,927				2,288		
	c	Gain or (loss)		928,674				13,184		
	d	Net gain or (loss)								
	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						
b	Less cost of goods sold	b								
c	Net income or (loss) from sales of inventory . . .									
	Miscellaneous Revenue		Business Code							
11a	Miscellaneous Income	900099	176,283	-149,441		325,724				
b										
c										
d	All other revenue									
e	Total. Add lines 11a-11d			176,283						
12	Total revenue. See Instructions			274,251,954	267,794,225	0	4,492,111			

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	24,679	24,679		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
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	4,559,207		4,559,207	
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	81,840,204	61,380,153	20,460,051	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,005,641	2,254,231	751,410	
9	Other employee benefits	13,794,657	10,345,993	3,448,664	
10	Payroll taxes	6,790,948	5,093,211	1,697,737	
a	Fees for services (non-employees)				
	Management	3,138,884	2,354,163	784,721	
b	Legal	474,591		474,591	
c	Accounting	188,960		188,960	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees	106,148	79,611	26,537	
g	Other	3,352,947	2,514,710	838,237	
12	Advertising and promotion	1,157,045	1,157,045		
13	Office expenses	50,072,271	37,554,203	12,518,068	
14	Information technology	8,516,780	6,387,585	2,129,195	
15	Royalties				
16	Occupancy	4,437,133	3,327,850	1,109,283	
17	Travel	76,017	57,013	19,004	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	64,141	48,106	16,035	
20	Interest	7,154,072	7,154,072		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	16,035,358	16,035,358		
23	Insurance	8,076,307	6,057,230	2,019,077	
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	Bad Debts	25,488,516	25,488,516		
b	Medicaid Provider Tax	7,125,304	7,125,304		
c	Purchased Services	1,126,260	844,695	281,565	
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	246,606,070	195,283,728	51,322,342	0
26	Joint costs. Check here <input checked="" type="checkbox"/> 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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			10,318,089	1	24,936,230
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			34,909,934	4	38,268,349
	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				7	
	8	Inventories for sale or use			4,726,245	8	4,136,968
	9	Prepaid expenses and deferred charges			2,293,700	9	2,916,629
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	301,397,319			
	b	Less: accumulated depreciation	10b	164,710,695	133,558,586	10c	136,686,624
	11	Investments—publicly traded securities			84,583,576	11	97,918,642
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			5,337,851	15	6,640,604
	16	Total assets. Add lines 1 through 15 (must equal line 34)			275,727,981	16	311,504,046
Liabilities	17	Accounts payable and accrued expenses			62,902,432	17	74,513,594
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			91,923,048	20	91,253,999
	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			7,881,634	25	6,556,475
	26	Total liabilities. Add lines 17 through 25			162,707,114	26	172,324,068
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			110,003,821	27	135,284,712
	28	Temporarily restricted net assets			3,017,046	28	3,895,266
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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			113,020,867	33	139,179,978
	34	Total liabilities and net assets/fund balances			275,727,981	34	311,504,046

Part XI Reconciliation 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	274,251,954
2	Total expenses (must equal Part IX, column (A), line 25)	2	246,606,070
3	Revenue less expenses Subtract line 2 from line 1	3	27,645,884
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	113,020,867
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,486,773
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	139,179,978

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> 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?		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		

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
Copley Memorial Hospital Inc
c/o Rush-Copley Medical Ctr

Employer identification number
36-2170840

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 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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?
(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?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
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 IIIPart 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 section 501(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

Additional Data

Software ID:

Software Version:

EIN: 36-2170840

Name: Copley Memorial Hospital Inc
c/o Rush-Copley Medical Ctr

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			
Barry Finn President & CEO/Director	40 00	X		X				761,287	0	275,202
Ronald Hem Board Chairman	1 00	X						0	0	0
William Skoglund Board Vice Chairman	1 00	X						0	0	0
Bruce Dienst Director	1 00	X						0	0	0
Richard Edelman Director	1 00	X						0	0	0
Tom Fisher Director	1 00	X						0	0	0
Santosh Gill Past Chief of Staff/ Director	1 00	X						49,524	0	5,773
Dennis Keane MD Chief of Staff	1 00	X						0	0	0
Herbert Knight Director	1 00	X						0	0	0
John Lies Director	1 00	X						0	0	0
Maryanne Locklin Director	1 00	X						0	0	0
Trish Anen Director	1 00	X						0	0	0
Jack McEachern Director	1 00	X						0	0	0
Mark Metzger Director	1 00	X						0	0	0
Avery Miller Director	1 00	X						0	0	0
Jerome Roberts Director	1 00	X						0	0	0
Christine Sobek Director	1 00	X						0	0	0
Suresh Velagapudi MD Vice Chief of Staff	1 00	X						0	0	0
Dave Mead Director	1 00	X						0	0	0
Ann Ford VP, Legal Affairs & General Counsel, Secretary	40 00			X				132,441	0	15,650
Lynn Scott Assistant Secretary	40 00			X				68,610	0	16,032
Brenda VanWyhe VP, Finance & CFO/Treasurer	40 00			X				239,215	0	61,125
Ryan Asmus VP, Legal Affairs & General Counsel, Secretary	40 00			X				42,911	0	6,394
Mac Salazar end 910 Sr VP Finance & CFO/Treasurer	40 00			X				361,942	0	18,268
Steve Lowenthal MD Sr VP Medical Affairs & CMO	40 00				X			509,096	0	115,713

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			
John Diederich Sr VP Operations & COO	40 00				X			368,704	0	99,680
Diane Homan MD VP, Quality & PSO	40 00				X			358,323	0	91,652
Shawn Tyrrell VP, Nursing Serv & CNO	40 00				X			0	0	0
Dennis DeMasie VP, Information Technology	40 00				X			263,639	0	72,676
Mary Shilkaitis VP, Patient Care Serv & CNO	40 00				X			256,504	0	67,225
Nancy Wilson VP, Clinical Services	40 00				X			227,845	0	33,133
Gail Bumgarner VP, Strategy	40 00				X			292,135	0	59,234
Barbara Graham VP, Philanthropy & CDO	40 00				X			201,083	0	16,492
Fred Geisler MD Physician	40 00					X		874,084	0	24,604
Daniel Laich MD Physician	40 00					X		920,059	0	9,787
Todd Guynn MD Physician	40 00					X		757,365	0	49,783
Sepehr Sanj MD Physician	40 00					X		1,133,593	0	20,894
Robert Nudera MD Physician	40 00					X		602,211	0	39,905

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 Copley Memorial Hospital Inc c/o Rush-Copley Medical Ctr	Employer identification number 36-2170840
---	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
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-															
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?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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)		(b)
		Yes	No	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		38,173
	j Total lines 1c through 1i			38,173
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
Part IV, Supplemental Information		Part II-B, Line 1i: Copley Memorial Hospital is a member of various organizations that advocate on legal and policy issues that affect healthcare. A portion of the annual membership dues paid by Copley Memorial Hospital to these organizations is attributable to lobbying activities.

SCHEDULE D
(Form 990)

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 Copley Memorial Hospital Inc c/o Rush-Copley Medical Ctr	Employer identification number 36-2170840
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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? <div>YesNo</div>	
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 <div>YesNo</div>	

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) <div><div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)</div><div><input type="checkbox"/> Preservation of an historically importantly land area</div><div><input type="checkbox"/> Protection of natural habitat</div><div><input type="checkbox"/> Preservation of a certified historic structure</div><div><input type="checkbox"/> Preservation of open space</div></div>											
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											
		<table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>2a</td><td></td></tr><tr><td>2b</td><td></td></tr><tr><td>2c</td><td></td></tr><tr><td>2d</td><td></td></tr></table>		Held at the End of the Year	2a		2b		2c		2d	
	Held at the End of the Year											
2a												
2b												
2c												
2d												
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
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? <div>YesNo</div>											
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)? <div>YesNo</div>											
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
1c	
1d	
1e	
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	9,770,170	9,053,445	8,795,988	
b	Contributions	878,220	716,725	257,457	
c	Investment earnings or losses	1,349,773	613,671	-747,024	
d	Grants or scholarships				
e	Other expenditures for facilities and programs	1,349,773	613,671	-747,024	
f	Administrative expenses				
g	End of year balance	10,648,390	9,770,170	9,053,445	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 63 000 %

c

Term endowment ▶ 37 000 %

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		15,911,954		15,911,954
b Buildings		183,208,146	92,831,234	90,376,912
c Leasehold improvements				
d Equipment		100,745,670	71,879,461	28,866,209
e Other		1,531,549		1,531,549
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				136,686,624

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)	1274,251,954
2	Total expenses (Form 990, Part IX, column (A), line 25)	2246,606,070
3	Excess or (deficit) for the year Subtract line 2 from line 1	327,645,884
4	Net unrealized gains (losses) on investments	45,352,998
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-6,839,771
9	Total adjustments (net) Add lines 4 - 8	9-1,486,773
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	1026,159,111

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1284,876,212
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments	2a5,352,998
b	Donated services and use of facilities	2b
c	Recoveries of prior year grants	2c
d	Other (Describe in Part XIV)	2d5,271,260
e	Add lines 2a through 2d	2e10,624,258
3	Subtract line 2e from line 1	3274,251,954
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	4c0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5274,251,954

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1251,877,330
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)	2d5,271,260
e	Add lines 2a through 2d	2e5,271,260
3	Subtract line 2e from line 1	3246,606,070
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	4c0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5246,606,070

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 Intended Use of Endowment Funds	Part V, Line 4	Rush Copley Foundation holds the Voris (income for CMH Cancer Care), Kobisk (Board restricted income to CMH), Copley (income unrestricted) and Dobbins (income for CMH Women's Health) Endowments. These funds are held for the benefit of Copley Memorial Hospital.
Description of Uncertain Tax Positions Under FIN 48	Part X	The organization's financial statements did not include a footnote referencing FIN 48.

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
Copley Memorial Hospital Inc
c/o Rush-Copley Medical Ctr

Employer identification number
36-2170840

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	Yes	
b	If "Yes," is it a written policy?	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 <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most 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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300.000000000000 %</u> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>600.000000000000 %</u> 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	Yes	
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"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
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 eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

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)			4,684,400		4,684,400	2 120 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			45,453,441	39,806,116	5,647,325	2 550 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			50,137,841	39,806,116	10,331,725	4 670 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			404,431		404,431	0 180 %
f Health professions education (from Worksheet 5)			2,497,946	515,550	1,982,396	0 900 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			24,679		24,679	0 010 %
j Total Other Benefits			2,927,056	515,550	2,411,506	1 090 %
k Total. Add lines 7d and 7j)			53,064,897	40,321,666	12,743,231	5 760 %

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 Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	5,007,934
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	0
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	60,048,412
6	Enter Medicare allowable costs of care relating to payments on line 5	6	72,763,144
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-12,714,732
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

1	Copley Memorial Hospital 2000 Ogden Avenue Aurora, IL 605044206
---	---

Other (Describe)

ER-other
ER-24 hours
Research facility
Critical access hospital
Teaching hospital
Children's hospital
General medical & surg
Licensed hospital

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? 4

Name and address		Type of Facility (Describe)
1	River West Radiation Center LLC 1221 N Highland Avenue Aurora, IL 605044206	JV Oncology
2	River West Radiation Center LLC 1221 N Highland Avenue Aurora, IL 605044206	JV Oncology
3	River West Radiation Center LLC 1221 N Highland Avenue Aurora, IL 605044206	JV Oncology
4	River West Radiation Center LLC 1221 N Highland Avenue Aurora, IL 605044206	JV Oncology
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 7 A cost accounting system was used to calculate the amounts reported in the table and a cost to charge ratio was utilized The cost accounting system addresses all patient segments (Inpatient, Outpatient, Emergency Room, Private Insurance, Medicaid, Medicare, Uninsured and Self Pay)

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The bad debt expense subtracted from Form 990, Part IX, Line 25 is \$25,488,516

Identifier	ReturnReference	Explanation
		Part III, Line 4 Net patient services revenue is reported at the estimated net realizable amounts from third-party payors, patients, and others for services rendered The Hospital has agreements with third-party payors that provide for payments at amounts different from established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges, including estimated retroactive settlements under payment agreements with third-party payors Provisions for adjustments to net patient service revenue are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined Patient accounts receivable are stated at net realizable value The Hospital maintains an estimated allowance for uncollectible accounts based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in healthcare coverage, and other collection indicators Accounts receivable are charged to the provision for uncollectible accounts as they are deemed uncollectible Bad debt amounts reported on Part III, Line 3 are calculated using the cost to charge ratio

Identifier	ReturnReference	Explanation
		Part III, Line 8 All of the shortfall reported in line 7 should be treated as community benefit because if we did not provide the service, the burden of the costs would fall on the government Costs of treating Medicare patients are calculated using the IRS calculated percentage

Identifier	ReturnReference	Explanation
		Part III, Line 9b It is our policy not to pursue collection practices against patients known to qualify for Charity Care or other financial assistance In certain cases it may not be easily determined whether or not a patient qualifies for Charity Care or financial assistance However, if after collection practices have begun, it later becomes known the patient qualifies, the collection efforts cease

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Community need is assessed through review of community and hospital data, periodic assessments with physician and clinicians, and reporting of information from hospital committees Further input from the community arises from the community based board of directors, various forms of patient input, and hospital involvement with government, health industry, and community agencies The hospital also actively participates in formal needs assessments conducted by government and community agencies

Identifier	ReturnReference	Explanation
		Part VI, Line 3 At the time of service, Copley Memorial Hospital patients are given a billing brochure, which describes the financial assistance/charity program availability. This information is also posted at the registration check-in desks, in an inpatient guide, and on the Rush Copley website. Financial counselors are available to explain the program in detail to patients who are seen without insurance coverage. All patient billing statements advise the patients to call and inquire on the details as needed.

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Copley Memorial Hospital's primary service area is approximately Kane County and Kendall County, Illinois located 45 to 55 miles southwest of Chicago Kane County has a population of 512,000 people and is predominantly urban and suburban Nearly 29% of the population is of Hispanic or Latino origin Persons over the age of 65 comprise 8.6% of the population, and the poverty rate is 9.0% Aurora, the second largest city in Illinois, dominates the county Historically an industrial city, Aurora has experienced a considerable loss of manufacturing jobs and is transitioning its economy Kendall County, to the south of Kane, has a population of 105,000 Persons over the age of 65 comprise 6.7% of the population and the poverty rate is 3.4% The northwest section of the county is suburban while the remainder is rural Nearly 16% of the US population is of Hispanic or Latino origin Persons over the age of 65 comprise 13.0% of the US population, and the US poverty rate is 15.0%

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 6 Copley Memorial Hospital's mission is to provide advanced medicine with quality outcomes and extraordinary care To that end, the medical center seeks to serve the community in ways that engage, educate and empower Copley Memorial Hospital serves all patients who present for care and serves the surrounding community along with a broad, indefinite charitable class The organization is controlled by a Board of Directors with a strong community base The Board members are independent community leaders and are selected based upon their expertise and experience in a variety of areas of benefit to the organization and their role as board members who direct and guide management in carrying out our mission Board members are not compensated for their service As a charitable organization all surplus funds are used to further our charitable purpose, mission and to serve the community Some of our primary programs are Community Health Fairs, Breastfeeding Education classes, Child care classes, etc Copley Memorial Hospital provides access to physician, acute care, diagnostic, and rehabilitative services to people, regardless of ability to pay, through a number of facilities and services located throughout the service area It provides programming relating to health education, prevention, and support targeted to specific populations Medical education extends to clinical settings for nursing education and a family practice residency Employees fill board and committee leadership positions for a number of economic development and social service agencies in communities throughout the service area</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 7 Copley Memorial Hospital has an affiliation with Rush University Medical Center that covers governance and other organizational relationships Both organizations are parties to a master trust indenture that established an obligated group for purposes of issuing long-term debt

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	IL

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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.

Name of the organization Copley Memorial Hospital Inc c/o Rush-Copley Medical Ctr	Employer identification number 36-2170840
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate 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		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input checked="" type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input checked="" type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain	Yes	
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?		No
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		
<input checked="" type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input checked="" type="checkbox"/> Form 990 of other organizations		
<input checked="" type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> 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?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement?		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?		No
b Any related organization?		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?		No
b Any related organization?		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		No
8 Were any amounts reported in Form 990, Part VII, paid or accrued 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		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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) Barry Finn	(i)	535,074	173,988	52,225	241,865	33,337	1,036,489	0
	(ii)	0	0	0	0	0	0	0
(2) Brenda VanWyhe	(i)	184,286	52,325	2,604	40,033	21,092	300,340	0
	(ii)	0	0	0	0	0	0	0
(3) Mac Salazar end 910	(i)	224,259	85,574	52,109	0	18,268	380,210	0
	(ii)	0	0	0	0	0	0	0
(4) Steve Lowenthal MD	(i)	369,491	110,481	29,124	89,715	25,998	624,809	0
	(ii)	0	0	0	0	0	0	0
(5) John Diederich	(i)	284,002	80,370	4,332	73,329	26,351	468,384	0
	(ii)	0	0	0	0	0	0	0
(6) Diane Homan MD	(i)	266,263	79,654	12,406	61,740	29,912	449,975	0
	(ii)	0	0	0	0	0	0	0
(7) Dennis DeMasie	(i)	207,102	51,771	4,766	43,398	29,278	336,315	0
	(ii)	0	0	0	0	0	0	0
(8) Mary Shilkaitis	(i)	203,008	50,141	3,355	41,206	26,019	323,729	0
	(ii)	0	0	0	0	0	0	0
(9) Nancy Wilson	(i)	175,451	49,519	2,875	7,332	25,801	260,978	0
	(ii)	0	0	0	0	0	0	0
(10) Gail Bumgarner	(i)	222,697	62,971	6,467	47,054	12,180	351,369	0
	(ii)	0	0	0	0	0	0	0
(11) Barbara Graham	(i)	156,350	37,303	7,430	6,183	10,309	217,575	0
	(ii)	0	0	0	0	0	0	0
(12) Fred Geisler MD	(i)	371,540	500,000	2,544	0	24,604	898,688	0
	(ii)	0	0	0	0	0	0	0
(13) Daniel Laich MD	(i)	318,414	600,000	1,645	0	9,787	929,846	0
	(ii)	0	0	0	0	0	0	0
(14) Todd Guynn MD	(i)	701,155	11,340	44,870	11,496	38,287	807,148	0
	(ii)	0	0	0	0	0	0	0
(15) Sepehr Sani MD	(i)	546,147	350,000	237,446	11,496	9,398	1,154,487	0
	(ii)	0	0	0	0	0	0	0
(16) Robert Nudera MD	(i)	587,621	0	14,590	11,496	28,409	642,116	0
	(ii)	0	0	0	0	0	0	0

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 1a	2 officers and 3 key employees received gross-up payments. The organization provides to all employees the use of an athletic facility that is owned and operated by a related tax exempt organization.
	Part I, Line 4b	Part I, Line 4b. SERP PLAN of CMH (Accruals). Barry Finn \$188,431, Mary Shilkaitis \$31,496, John Diederich \$51,000, Steve Lowenthal \$57,071, Dennis DeMasie \$32,552, Diane Homan \$41,149, Brenda VanWyhe \$31,929 and Gail Bumgarner \$33,144. Please note that these amounts are included in the amounts listed on Part II. Part I, Line 7. Incentive bonus plan based on a series of approved strategic accomplishments.

Software ID:
Software Version:
EIN: 36-2170840
Name: Copley Memorial Hospital Inc
c/o Rush-Copley Medical Ctr

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
Barry Finn	(i) (ii)	535,074 0	173,988 0	52,225 0	241,865 0	33,337 0	1,036,489 0	0 0
Brenda VanWyhe	(i) (ii)	184,286 0	52,325 0	2,604 0	40,033 0	21,092 0	300,340 0	0 0
Mac Salazar end 910	(i) (ii)	224,259 0	85,574 0	52,109 0	0 0	18,268 0	380,210 0	0 0
Steve Lowenthal MD	(i) (ii)	369,491 0	110,481 0	29,124 0	89,715 0	25,998 0	624,809 0	0 0
John Diederich	(i) (ii)	284,002 0	80,370 0	4,332 0	73,329 0	26,351 0	468,384 0	0 0
Diane Homan MD	(i) (ii)	266,263 0	79,654 0	12,406 0	61,740 0	29,912 0	449,975 0	0 0
Dennis DeMasie	(i) (ii)	207,102 0	51,771 0	4,766 0	43,398 0	29,278 0	336,315 0	0 0
Mary Shilkaitis	(i) (ii)	203,008 0	50,141 0	3,355 0	41,206 0	26,019 0	323,729 0	0 0
Nancy Wilson	(i) (ii)	175,451 0	49,519 0	2,875 0	7,332 0	25,801 0	260,978 0	0 0
Gail Bumgarner	(i) (ii)	222,697 0	62,971 0	6,467 0	47,054 0	12,180 0	351,369 0	0 0
Barbara Graham	(i) (ii)	156,350 0	37,303 0	7,430 0	6,183 0	10,309 0	217,575 0	0 0
Fred Geisler MD	(i) (ii)	371,540 0	500,000 0	2,544 0	0 0	24,604 0	898,688 0	0 0
Daniel Laich MD	(i) (ii)	318,414 0	600,000 0	1,645 0	0 0	9,787 0	929,846 0	0 0
Todd Guynn MD	(i) (ii)	701,155 0	11,340 0	44,870 0	11,496 0	38,287 0	807,148 0	0 0
Sepehr Sanı MD	(i) (ii)	546,147 0	350,000 0	237,446 0	11,496 0	9,398 0	1,154,487 0	0 0
Robert Nudera MD	(i) (ii)	587,621 0	0 0	14,590 0	11,496 0	28,409 0	642,116 0	0 0

Schedule K (Form 990)	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.										OMB No 1545-0047		
											2010		
	Department of the Treasury Internal Revenue Service											Open to Public Inspection	
Name of the organization Copley Memorial Hospital Inc c/o Rush-Copley Medical Ctr										Employer identification number 36-2170840			

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	86-1091967	45200FHN2	05-28-2008	34,772,005	See Part V		X		X		X
B	Illinois Finance Authority	86-1091967	45200FTZ2	02-10-2009	34,075,527	Construction of Replace Hosp & ICU addition		X		X		X
C	Illinois Finance Authority	86-1091967	45200FYT0	07-29-2009	25,912,180	New Construction Hospital Campus		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					34,772,005		34,075,527		25,912,180			
4	Gross proceeds in reserve funds					3,113,347		3,441,193		2,611,637			
5	Capitalized interest from proceeds												
6	Proceeds in refunding escrow												
7	Issuance costs from proceeds					540,878		498,260		401,472			
8	Credit enhancement from proceeds												
9	Working capital expenditures from proceeds												
10	Capital expenditures from proceeds					32,745,950		32,745,950		22,919,490			
11	Other spent proceeds												
12	Other unspent proceeds												
13	Year of substantial completion					1995		2009		2009		Yes	
						Yes	No	Yes	No	Yes	No		
14	Were the bonds issued as part of a current refunding issue?					X			X		X		
15	Were the bonds issued as part of an advance refunding issue?						X		X		X		
16	Has the final allocation of proceeds been made?					X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?					X		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		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?						X		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		X			
b	Are there any research agreements that may result in private business use of bond-financed property?		X		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		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	0 %		0 %		0 %			
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	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		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		X		
2	Is the bond issue a variable rate issue?	X			X		X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		
b	Name of provider	Citibank & Morgan Stanley							
c	Term of hedge	27 3000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider								
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		X		
6	Did the bond issue qualify for an exception to rebate?	X		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 Supplemental Information		Schedule K, Part I, letter A, column (e) Issue Price of bonds of \$34,772,005 does not tie to Form 8038 Part III Line 21(b) of \$98,278,724 This is because the \$34,772,005 is Copley Memorial Hospital's 35 38% prorata share of the \$98,278,724 Obligated Group amount issued Schedule K, Part I, letter A, column (f) The Series 2006B Fixed Rate bonds currently refunded (as a reissuance) the Series 2006B Auction Rate bonds issued 8/17/2006, which were issued to refund pre-2003 bond issues Schedule K, Part II, line 5, column A Issuance cost from proceeds of \$540,878 is broken down as follows COI and Credit Enhancement of \$540,878 and \$0 respectively Schedule K, Part II, line 5, column C Issuance cost from proceeds of \$498,260 is broken down as follows COI and Credit Enhancement of \$498,260 and \$0 respectively Schedule K, Part II, line 5, column B Issuance cost from proceeds of \$401,472 is broken down as follows COI and Credit Enhancement of \$401,472 and \$0 respectively Schedule K, Part III, column A The bonds shown in column A of Part III of Schedule K are not subject to reporting therein, as the refunded bonds were issued before January 1, 2003 The Part III questions have been answered consistently with the appropriate answers for CMH's other bonds reported in columns B and C, because the software used to prepare the return did not allow the section to be left blank

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

Copley Memorial Hospital Inc

c/o Rush-Copley Medical Ctr

Employer identification number

36-2170840

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		Barry Finn, RCMC President & CEO/Director, and William Skoglund, RCMC Vice Chairman of the Board/Director, have a business relationship. Barry Finn is a board member at Old Second National Bank and William Skoglund is the Chairman and CEO at Old Second National Bank.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Rush-Copley Medical Center, Inc ("RCMC") is the sole corporate member of Copley Memorial Hospital, Inc ("CMH"), Rush-Copley Medical Group, NFP ("RCMG"), Copley Ventures, Inc ("CV"), and Rush-Copley Foundation ("RCF")

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		CMH's Board of Directors includes at least nine (9) individuals elected by the sole corporate member, RCMC. Each of these elected directors is also a member of the Governing Board of CMH's sole corporate member, RCMC. The election and re-election of all CMH directors is at the direction of RCMC at the annual Governing Board meeting. Vacancies on the CMH Board of Directors are filled by CMH's sole corporate member, RCMC. In accordance with certain procedural requirements stated in the bylaws, elected directors may be removed by the affirmative vote of two-thirds of the board of directors of CMH's sole corporate member, RCMC.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		The Board of Directors of CMH's sole corporate member, RCMC, has the following exclusive powers over CMH (1) the borrowing of any sum, the principal of which exceeds \$500,000.00, or which has a stated term of greater than one year, or which is secured by a mortgage of all or any portion of CMH's real property or the creation of a security interest in CMH's assets, including personal property and revenues, for the benefit of the lender, lessor or vendor, or the defeasance, advance payment or cancellation of any outstanding debt of the category described herein, (2) any voluntary dissolution, merger, consolidation, sale or transfer of any of CMH's assets which exceeds one percent (1%) of CMH's total assets or any creation of a subsidiary or affiliate of CMH, (3) application to the Illinois Health Facilities Planning Board or any successor for a permit or certificate of need for a proposed activity, whether or not involving a capital expenditure, (4) approval of all annual and long-term capital and operational budgets, (5) any amendment to the Articles of Incorporation or Bylaws of CMH, (6) any agreement or transaction, either of which is of a material nature, with another corporation controlled by or affiliated with CMH's sole corporate member, RCMC, or which is a subsidiary of RCMC, (7) approval of any new or changes to existing long-term or master strategic plan, and (8) sale of any of CMH's real property or interest therein or purchases of any additional real estate

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		The Form 990 tax return is prepared by an external tax advisor with data provided by the organization. A draft of the Form 990 is provided to management for review and comment. The Board of Directors is provided with an approved copy of the Form 990 before it is filed. The Form 990 is uploaded to the Board Web Portal for member review and comment before filing.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Annually, Officers, Directors, Key Employees, Management Team (Department Directors and Managers), and Billing Office personnel of Copley Memorial Hospital, Inc are required to disclose interests that could give rise to conflicts. The conflict of interest statements are submitted and reviewed by the Chief Compliance Officer and the Audit and Corporate Integrity Committee of the Board. Those key personnel with conflicts are advised to recuse themselves from participating in decision-making related to the conflict.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	With respect to the CEO/VPs of the organization and key senior management, the organization follows a compensation approval procedure annually that involves approval of proposed and final compensation arrangements by the organization's Compensation Committee and full Board of Directors using comparability data, as well as contemporaneous documentation of compensation decisions in minutes

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	Form 990 is available upon request. The organization does not make its governing documents or conflict of interest policy available to the public. Copies of the financial statements (whether or not audited) are provided upon reasonable request such as for a bank loan or to a bond rating agency. The financial statements are also available on the Attorney General's website.

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 5,352,998 Net assets released from restriction used for capital 24,050 Transfer of assets to affiliate-net -8,792,267 Change in interest in net assets of foundation 878,220 Sw ap value adjustment 993,199 Transfer of assets from Rush-Copley Foundation 57,027 Total to Form 990, Part XI, Line 5 -1,486,773

SCHEDULE R (Form 990)	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

Department of the Treasury Internal Revenue Service	
Name of the organization Copley Memorial Hospital Inc c/o Rush-Copley Medical Ctr	Employer identification number 36-2170840

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) Rush Copley Medical Center Inc 2000 Ogden Avenue Aurora, IL 60504 36-3193787	Parent Company	IL	501(c)(3)	11A	N/A		No
(2) Rush Copley Health Care System Inc 2000 Ogden Avenue Aurora, IL 60504 36-3584043	Bridge Board RCMC & RUMC	IL	501(c)(3)	11A	N/A		No
(3) Rush-Copley Foundation 2000 Ogden Avenue Aurora, IL 60504 36-3093877	Grants to Charitable Organizations	IL	501(c)(3)	7	Rush-Copley Medical Center Inc	Yes	
(4) Copley Ventures Inc 2000 Ogden Avenue Aurora, IL 60504 36-3370216	Rental Prop , Infirmary care, and Healthplex Fitness Center	IL	501(c)(3)	3	Rush-Copley Medical Center Inc	Yes	
(5) Rush University Medical Center 1700 West Van Buren Street Chicago, IL 60612 36-2174823	Hospitals	IL	501(c)(3)	3	N/A		No

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?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Yorkville Physical Therapy & Sports Medicine Center LLC 36-4236345	Physical Therapy & Sports Medicine	IL	N/A									
(2) Rush-Copley Cardiovascular Consultants 2000 Ogden Avenue Aurora, IL605044206 27-3234201	Cardiovascular Consulting	IL	Copley Memorial Hospital Inc	Related	-762,908	3,946,154		No			No	99 000 %

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) Rush Copley Medical Group NFP 2000 Ogden Avenue Aurora, IL60504 36-3235315	Physician Practices	IL	N/A	C	-6,386,747	6,178,854	100 000 %

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h Yes

1i No

1j Yes

1k No

1l No

1m No

1n No

1o No

1p No

1q Yes

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) Rush Copley Medical Group NFP	A	974,877	Fair Market Value
(2) Rush Copley Foundation	C	1,956,618	Fair Market Value
(3) Rush Copley Medical Center Inc	H	8,792,267	Fair Market Value
(4) Copley Ventures Inc	J	562,146	Fair Market Value
(5) Copley Ventures Inc	Q	468,000	Fair Market Value
(6) Rush Copley Cardiovascular Consultants	Q	2,351,250	Actual Amount Transferred

Schedule R (Form 990) 2010

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.

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Software ID:

Software Version:

EIN: 36-2170840

Name: Copley Memorial Hospital Inc
c/o Rush-Copley Medical Ctr

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	Rush Copley Medical Group NFP	A	974,877	Fair Market Value
(2)	Rush Copley Foundation	C	1,956,618	Fair Market Value
(3)	Rush Copley Medical Center Inc	H	8,792,267	Fair Market Value
(4)	Copley Ventures Inc	J	562,146	Fair Market Value
(5)	Copley Ventures Inc	Q	468,000	Fair Market Value
(6)	Rush Copley Cardiovascular Consultants	Q	2,351,250	Actual Amount Transferred

Copley Memorial Hospital, Inc.

Financial Statements as of and for the
Years Ended June 30, 2011 and 2010, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Copley Memorial Hospital, Inc.

We have audited the accompanying balance sheets of Copley Memorial Hospital, Inc. (the "Hospital"), as of June 30, 2011 and 2010, and the related 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Hospital as of June 30, 2011 and 2010, and the results of its operations and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

October 25, 2011

COPLEY MEMORIAL HOSPITAL, INC.

BALANCE SHEETS AS OF JUNE 30, 2011 AND 2010 (Dollars in thousands)

	2011	2010		2011	2010
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 25.472	\$ 10.318	Accounts payable	\$ 11.715	\$ 9.639
Marketable securities	15.461	15.090	Accrued expenses	15.481	12.755
Accounts receivable for patient services — net of allowance for doubtful accounts of \$5.226 and \$5.042 in 2011 and 2010, respectively	39.021	34.910	Accrued liabilities under retained risk insurance programs	369	327
Other current assets	<u>7.061</u>	<u>7.019</u>	Estimated third-party settlements payable	34.001	28.804
			Current portion of long-term debt	<u>738</u>	<u>1.980</u>
Total current assets	<u>87.015</u>	<u>67.337</u>	Total current liabilities	<u>62.304</u>	<u>53.505</u>
ASSETS WHOSE USE IS LIMITED — Investments			LONG-TERM LIABILITIES		
Held by trustee under bond indenture	9.168	9.365	Accrued liabilities under retained risk insurance programs	14.193	9.397
Interest in net assets of the Foundation	<u>3.895</u>	<u>3.017</u>	Long-term debt — less current portion	91.254	91.923
			Fair value of swaps	5.139	6.132
Total assets whose use is limited	<u>13.063</u>	<u>12.382</u>	Other long-term liabilities	<u>1.425</u>	<u>1.750</u>
INVESTMENTS — Less current portion	<u>69.394</u>	<u>57.111</u>	Total long-term liabilities	<u>112.011</u>	<u>109.202</u>
PROPERTY AND EQUIPMENT — Net of accumulated depreciation of \$164.811 and \$150.641 as of June 30, 2011 and 2010, respectively	<u>137.260</u>	<u>133.559</u>	Total liabilities	<u>174.315</u>	<u>162.707</u>
OTHER ASSETS	<u>6.763</u>	<u>5.339</u>	NET ASSETS		
			Unrestricted	135.285	110.004
			Temporarily restricted	<u>3.895</u>	<u>3.017</u>
			Total net assets	<u>139.180</u>	<u>113.021</u>
TOTAL	<u>\$313.495</u>	<u>\$275.728</u>	TOTAL	<u>\$313.495</u>	<u>\$275.728</u>

See notes to financial statements

COPLEY MEMORIAL HOSPITAL, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Dollars in thousands)

	2011	2010
REVENUE		
Net patient service revenue	\$ 271,003	\$ 259,085
Other revenue	<u>5,087</u>	<u>4,489</u>
Total revenue	<u>276,090</u>	<u>263,574</u>
EXPENSES		
Salaries, wages, and employee benefits	113,252	103,266
Supplies, utilities, and other	59,177	61,907
Insurance	8,185	7,754
Purchased services	21,945	22,510
Provision for uncollectible accounts	25,601	24,425
Depreciation and amortization (Note 2)	16,554	15,677
Interest	<u>7,163</u>	<u>7,041</u>
Total expenses	<u>251,877</u>	<u>242,580</u>
OPERATING INCOME	<u>24,213</u>	<u>20,994</u>
NONOPERATING INCOME (EXPENSE)		
Investment income	8,732	3,100
Change in fair market value of interest rate swaps	993	(1,792)
Other	<u>54</u>	<u>8</u>
Total nonoperating income	<u>9,779</u>	<u>1,316</u>
EXCESS OF REVENUE OVER EXPENSES	33,992	22,310
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Net assets released from restrictions used for capital	24	103
Transfer of assets to affiliates — net	<u>(8,735)</u>	<u>(9,871)</u>
INCREASE IN UNRESTRICTED NET ASSETS	25,281	12,542
TEMPORARILY RESTRICTED NET ASSETS — Change in interest in net assets of Foundation	<u>878</u>	<u>717</u>
INCREASE IN NET ASSETS	26,159	13,259
NET ASSETS — Beginning of year	<u>113,021</u>	<u>99,762</u>
NET ASSETS — End of year	<u>\$ 139,180</u>	<u>\$ 113,021</u>

See notes to financial statements

COPLEY MEMORIAL HOSPITAL, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (Dollars in thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 26.159	\$ 13.259
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Transfer from affiliates — net	8.711	9.768
Depreciation and amortization	16.554	15.677
Provision for uncollectible accounts	25.601	24.425
Change in fair value of interest rate swaps	(993)	1.793
Realized/Unrealized gains on trading investments	(6.280)	(384)
Changes in assets and liabilities		
Increase in accounts receivable for patient services	(29.712)	(23.044)
Increase (decrease) in accounts payable and accrued expenses	8.851	(1.990)
Increase (decrease) in estimated third-party settlements payable	5.197	(16.689)
Other	(1.921)	1.166
Net cash provided by operating activities	<u>52.167</u>	<u>23.981</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(19.267)	(13.436)
Sales of securities designated as trading	49.083	64.240
Purchases of securities designated as trading	<u>(56.138)</u>	<u>(73.499)</u>
Net cash used in investing activities	<u>(26.322)</u>	<u>(22.695)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	(1.273)	(424)
Payment of capital lease obligations	(707)	(455)
Proceeds from debt issuance	-	25.912
Retirement of debt	-	(19,800)
Payment of bond issuance cost	-	(401)
Transfer to affiliates — net	<u>(8.711)</u>	<u>(9.768)</u>
Net cash used in financing activities	<u>(10.691)</u>	<u>(4.936)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15.154	(3.650)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>10,318</u>	<u>13.968</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 25.472</u>	<u>\$ 10,318</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 6.810</u>	<u>\$ 7.022</u>
Noncash additions to property and equipment	<u>\$ 789</u>	<u>\$ 3,451</u>

See notes to financial statements

COPLEY MEMORIAL HOSPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

(Dollars in thousands)

1. ORGANIZATION AND BASIS OF CONSOLIDATION

Copley Memorial Hospital, Inc. (the "Hospital"), located in Aurora, Illinois, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, and emergency care services for residents of Aurora and surrounding communities in the far western suburbs of Chicago, Illinois (the "market area"). Rush-Copley Medical Center, Inc. (the "Corporation"), is the sole corporate member of the Hospital (the "Medical Group"), Copley Ventures, Inc. ("Ventures"), and Rush-Copley Foundation (the "Foundation") (collectively, RCMC).

In 1987, the Corporation and the Hospital entered into an affiliation agreement (the "Agreement") with Rush University Medical Center (RUMC), an academic medical center in Chicago, Illinois, for the purpose of creating a regional delivery system to improve the medical, capital, and management resources available to the Hospital and Corporation in their market areas. Rush-Copley Health Care System, Inc., was formed through the Agreement and is the sole corporate member of the Corporation (see Note 8).

In 1993, the Hospital, Ventures, and the Foundation became a part of the Rush-Presbyterian-St. Luke's Medical Center Obligated Group (the "Obligated Group") for purposes of long-term borrowing. RCMC and the Medical Group became part of the Obligated Group on August 17, 2006. The Obligated Group also includes RUMC (see Note 8).

The Internal Revenue Service has determined that the Hospital qualifies as a tax-exempt organization under Internal Revenue Code 501(c)(3), accordingly, income taxes are not provided for in the accompanying financial statements.

As noted above, RCMC has an affiliation with RUMC that covers governance and other organizational relationships. Additionally, RUMC and RCMC are parties to a Master Trust Indenture that established an Obligated Group for purposes of issuing long-term debt (see Note 8).

Selected financial information of the Obligated Group as of and for the years ended June 30, 2011 and 2010, is as follows

	2011	2010
Total assets	\$2,943,532	\$2,819,720
Total liabilities	<u>1,486,456</u>	<u>1,680,758</u>
Total net assets	<u>\$1,457,076</u>	<u>\$1,138,962</u>
Total revenue	\$1,741,099	\$1,685,185
Total expenses	<u>1,643,016</u>	<u>1,595,791</u>
Operating income	98,083	89,394
Nonoperating income	<u>33,383</u>	<u>28,122</u>
Excess of revenue over expenses	<u>\$ 131,466</u>	<u>\$ 117,516</u>
Increase (decrease) in unrestricted net assets	<u>\$ 258,606</u>	<u>\$ 36,908</u>
Net cash provided by (used in)		
Operating activities	\$ 151,290	\$ 168,559
Investing activities	(193,569)	(364,975)
Financing activities	<u>28,264</u>	<u>189,589</u>
Net (decrease) increase in cash and cash equivalents	<u>\$ (14,015)</u>	<u>\$ (6,827)</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying financial statements have been presented in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") as recommended in the audit and accounting guide for healthcare organizations published by the American Institute of Certified Public Accountants

Basis of Consolidation — Included in the Hospital's financial statements are all of its wholly owned or controlled subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates — The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Components of Days Cash on Hand — Marketable securities having an original maturity of 90 days or less are considered to be cash equivalents. These securities are so near maturity that they present insignificant risk of changes in value.

Net Patient Service Revenue, Patient Accounts Receivable, and Allowance for Doubtful

Accounts — Net patient service revenue is reported at the estimated net realizable amounts from third-party payors, patients, and others for services rendered. The Hospital has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges, including estimated retroactive settlements under payment agreements with third-party payors. Provisions for adjustments to net patient service revenue are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient accounts receivable are stated at net realizable value. The Hospital maintains an estimated allowance for uncollectible accounts based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in healthcare coverage, and other collection indicators. Accounts receivable are charged to the provision for uncollectible accounts as they are deemed uncollectible.

Charity Care — It is an inherent part of the Hospital's mission to provide necessary medical care free of charge, or at a discount, to individuals without insurance or other means of paying for such care. As the amounts determined to qualify for charity care are not pursued for collection, they are not reported as patient service revenue. The Hospital also incurs losses related to the unreimbursed costs of providing services to Medicaid patients.

Marketable Securities — Marketable securities represent marketable investments with an original maturity of 90 days or more. Such investments are available for current operations and, accordingly, are reported as current assets in the accompanying balance sheets.

Investments — Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at their fair value and are recorded as such in the financial statements. All investments are designated as trading securities.

Investment gains and losses (including interest, dividends, realized gains and losses, and gains and losses recognized on trading securities) are included in the excess of revenue over expenses, unless the income or loss is restricted by donor or law.

Inventories — Inventories are stated at the lower of cost or market, using the first-in, first-out method.

Fair Value of Financial Instruments — Financial instruments consist primarily of cash and cash equivalents, investments, accounts receivable, accounts payable, accrued expenses, estimated third-party payor settlements, interest rate swaps, and debt (see Note 8). The fair value of these instruments, except interest rate swaps and debt, approximated their financial statement carrying amount because of their short-term maturity.

Property and Equipment — Property and equipment are recorded at cost. Depreciation and amortization expenses are recognized over the estimated useful lives of the assets using the straight-line method. The estimated useful lives for property and equipment are determined for the individual assets within each respective asset class. Buildings and building service equipment assets have an estimated useful life of 15 – 80 years, moveable equipment assets have an estimated useful life of 5 - 10 years, and computer software and hardware assets have an estimated useful life of 3 - 5 years.

Other Assets — Other assets include investments in joint ventures accounted for on the equity basis (see Note 15), debt issuance costs (net of amortization which is computed on the straight-line basis over the estimated useful life of the related debt), and other items. The amortization related to bond issue costs was \$93 and \$59 in 2011 and 2010, respectively.

Derivative Instruments — Derivative instruments, specifically interest rate swaps, are recorded on the balance sheets at their respective fair values. Management has elected not to pursue hedge accounting, therefore, the change in the fair value of those derivative instruments is reflected in nonoperating income (expense) in the accompanying statements of operations and changes in net assets (see Note 9).

Capitalized Interest — Interest expense, net of interest income, incurred during the construction of major projects from bond proceeds, is capitalized during the construction period. Such capitalized interest is amortized over the depreciable life of the related assets on a straight-line basis. Capitalized interest was \$149 and \$132 in 2011 and 2010, respectively.

Net Assets — Resources of the organization are designated as permanent, temporary, or unrestricted. Permanently restricted net assets include the original value of contributions that are required by donors to be permanently retained, including any accumulations to the permanent endowment made in accordance with the direction of the applicable gift instrument. Temporarily restricted net assets include contributions and accumulated investment returns whose use is limited by donors for a specified purpose or time period or by interpretations of law. Unrestricted net assets include the remaining resources of the Hospital which are not restricted and arise from the general operations of the organization.

Excess of Revenue over Expenses — The statements of operations and changes in net assets include excess of revenue over expenses as a performance indicator. Excess of revenue over expenses includes all changes in unrestricted net assets except for permanent transfers of assets to and from affiliates for other than goods and services, contributions of (and assets released from donor restrictions related to) long-lived assets, and other items that are required by generally accepted accounting principles to be reported separately.

Nonoperating Income (Expense) — Nonoperating income (expense) consists primarily of unrestricted investment returns on the endowment investment pool represented as interest in the net assets of the Foundation, investment income or loss (including interest, dividends, realized gains and losses, and gains and losses recognized on trading securities) on all other investments, changes in the fair value of interest rate swaps, losses on extinguishment of debt, losses on impaired assets, and the net loss on asset disposals.

Long-Lived Assets — The Hospital continually evaluates whether circumstances have occurred that would indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of such assets may not be recoverable. When factors indicate that such assets should be evaluated for possible impairment, the Hospital uses an estimate of the undiscounted cash flows over the remaining life of the assets in measuring whether the asset is recoverable.

New Accounting Pronouncements — In July 2011, the Financial Accounting Standards Board (FASB) issued new guidance related to the accounting by health care entities for all or a certain portion of the amount billed or billable to patients and amounts related to deductibles and copays for which payment is highly uncertain. Specifically, this guidance requires that health care entities present bad debt expense associated with net patient service revenue, as an offset to net patient service revenue within the statement of operations. Additionally, the guidance requires enhanced disclosure of the policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about

changes in the allowance for doubtful accounts. This guidance is effective for the Hospital in fiscal year 2013 and is not expected to have a material impact to the consolidated financial statements.

In August 2010, the FASB issued new guidance to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. Specifically, this guidance requires 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. Furthermore, this amendment requires the disclosure of the method used to identify or determine the costs. This guidance is effective for the Hospital in fiscal year 2012 and is not expected to have a material impact to the consolidated financial statements.

Also in August 2010, the FASB issued new guidance related to the accounting by health care entities for medical malpractice claims and similar liabilities and their related anticipated insurance recoveries. Specifically, this amendment clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. This guidance is effective for the Hospital in fiscal year 2012 and is not expected to have a material impact on the Hospital's consolidated financial statements.

Consideration of Events Subsequent to the Balance Sheet Date — The Hospital has evaluated events occurring subsequent to the balance sheet date through October 25, 2011, the date the financial statements were available to be issued.

3. NET PATIENT SERVICE REVENUE

The mix of net patient service revenue (excluding the reimbursement under the Program) from patients and third-party payors for the years ended June 30, 2011 and 2010, was as follows:

	2011	2010
Medicare	21 %	21 %
Medicaid	9	9
Blue Cross	26	27
Managed care	25	23
Commercial and self-pay	<u>19</u>	<u>20</u>
Total	<u>100 %</u>	<u>100 %</u>

The Hospital has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges. Patient service revenue is reported at the estimated net realizable amounts from third-party payors, patients, and others for services rendered, including estimated retroactive settlements. Estimated settlements are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in estimates relating to prior periods (decreased) increased net patient service revenue by \$(368) and \$934 during the years ended June 30, 2011 and 2010, respectively. Laws and regulations governing government and other payment programs are complex and subject to interpretation. As a result, there is a reasonable possibility that recorded settlements could change by a material amount.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

4. CHARITY CARE

The Hospital has an established charity care policy and maintains records to identify and monitor the level of charity care it provides. The Hospital provides free care to all patients who apply and support income and asset levels of less than 300% of the current-year poverty level and discounts balances to patients under 600% of the poverty level. Interest-free payment plans are also provided. These charity care records include the estimated cost of unreimbursed services provided and supplies furnished under its charity care policy and the excess of cost over reimbursement for Medicaid patients. The Hospital also monitors the unreimbursed cost of patient bad debts.

In December 2006, and again in December 2008, the Centers for Medicare and Medicaid Services approved the Illinois Hospital Assessment Program (the "Program") to improve Medicaid reimbursement for Illinois hospitals. This program increased net patient service revenues in the form of additional Medicaid payments and increased supplies, utilities, and other expense through a tax assessment from the State of Illinois. The net benefit to the Hospital from this program was \$6,341 during each of the years ended June 30, 2011 and 2010. For the years ended June 30, 2011 and 2010, the Medicaid payment of \$13,466 was included in net patient service revenue, representing 5% of the total balance, and the tax assessment of \$7,125 was included in supplies, utilities, and other expense. The Program is approved through June 30, 2013, however, the future of the Program is uncertain.

The level of charity care provided for the years ended June 30, 2011 and 2010, is as follows:

	2011	2010
Excess of allocated cost over reimbursement for services provided to Hospital Medicaid patients	\$ 14,565	\$ 13,792
Net benefit under the Illinois Hospital Assessment Program	<u>(6,341)</u>	<u>(6,341)</u>
Excess of allocated cost over reimbursement for services provided to Hospital Medicaid patients — net of net benefit under the Illinois Hospital Assessment Program	8,224	7,451
Estimated costs and expenses incurred to provide charity care in the Hospital	<u>5,055</u>	<u>5,023</u>
Total	<u>\$ 13,279</u>	<u>\$ 12,474</u>

The total number of patients either provided charity care directly by the Hospital or that were covered by the Medicaid program represented 28.5% and 22.2% of the Hospital's total patients in 2011 and 2010, respectively. Many of the Hospital's patients are reluctant and do not provide the information necessary to qualify for charity care. Therefore, a portion of the Hospital's bad debt expense represents patients that do not have the financial ability to pay.

5. INVESTMENTS AND MARKETABLE SECURITIES

Investments and marketable securities consist primarily of marketable equity and debt securities, which are held in investment pools to satisfy the investment objectives for which the assets are held or to satisfy donor restrictions. Investments, at estimated fair value, at June 30, 2011 and 2010, were as follows:

	2011			
	Held by Trustee Under Bond Indenture	Interest in Net Assets of Foundation	Marketable Securities	Unrestricted Long Term
Cash and cash equivalents	\$ 2,507	\$ -	\$ 71	\$ 306
Government securities	6,661	-	6,621	4,578
Corporate bonds	-	-	8,183	7,269
Mutual fund securities	-	-	586	48,132
Common and preferred stocks	-	3,895	-	9,109
Total	9,168	3,895	15,461	69,394
Investments — current	-	-	15,461	-
Investments — noncurrent	<u>\$ 9,168</u>	<u>\$ 3,895</u>	<u>\$ -</u>	<u>\$ 69,394</u>

	2010			
	Held by Trustee Under Bond Indenture	Interest in Net Assets of Foundation	Marketable Securities	Unrestricted Long Term
Cash and cash equivalents	\$ 1,539	\$ -	\$ 66	\$ 557
Government securities	7,826	-	3,205	4,262
Corporate bonds	-	-	11,419	4,722
Mutual fund securities	-	-	400	40,876
Common and preferred stocks	-	3,017	-	6,694
Total	9,365	3,017	15,090	57,111
Investments — current	-	-	15,090	-
Investments — noncurrent	<u>\$ 9,365</u>	<u>\$ 3,017</u>	<u>\$ -</u>	<u>\$ 57,111</u>

The composition and presentation of investment income and the change in unrealized gains and losses investments for the years ended June 30, 2011 and 2010, are as follows

	2011	2010
Interest and dividends	\$ 2,699	\$ 3,048
Unrealized (losses) gains on trading securities	5,353	(20)
Net realized gains on sales of securities	<u>927</u>	<u>404</u>
	<u>\$ 8,979</u>	<u>\$ 3,432</u>
Reported as		
Other operating revenue	\$ 247	\$ 332
Nonoperating income	<u>8,732</u>	<u>3,100</u>
	<u>\$ 8,979</u>	<u>\$ 3,432</u>

6. FAIR VALUE MEASUREMENTS

As of June 30, 2011 and 2010, the Hospital held certain assets and liabilities that are required to be measured at fair value on a recurring basis including cash and cash equivalents, certain restricted, trustee and other investments, derivative instruments, and beneficial interests in trusts. Certain alternative investments measured using either the cost or equity method of accounting are excluded from the fair value disclosure provided herein.

Valuation Principles — Under FASB guidance on fair value measurements, fair value is defined as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs generally reflect market data from independent sources and are supported by market activity, while unobservable inputs are generally unsupported by market activity. The three-level valuation hierarchy, which prioritizes the inputs used in measuring fair value of an asset or liability at the measurement date, include:

Level 1 inputs — Quoted prices (unadjusted) for identical assets or liabilities in active markets. Securities typically priced using Level 1 inputs include listed equities and exchange traded mutual funds.

Level 2 inputs — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in non-active markets, and model-driven valuations whose inputs are observable for the asset or liability, either directly or indirectly. Securities typically priced using Level 2 inputs include government bonds (including U.S. treasuries and agencies), corporate and municipal bonds, collateralized obligations, interest rate swaps, commercial paper and currency options, and commingled funds where NAV is corroborated with observable data.

Level 3 inputs — Unobservable inputs for which there is little or no market data available and are based on the reporting entity's own judgment or estimation of the assumptions that market participants would use in pricing the asset or liability. The fair values for securities typically priced using Level 3 inputs are determined using model-driven techniques which include option pricing models, discounted cash flow models and similar methods. The Level 3 classification primarily includes Rush's interest in hedge funds and beneficial interests in trusts.

The following table presents the assets and liabilities measured at fair value on a recurring basis as of June 30, 2011, by the fair value hierarchy defined above

Fair Value Measurements As of June 30, 2011	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and equivalents	\$ -	\$ 2,884	\$ -	\$ 2,884
Fixed income securities				
U S government securities		17,860	-	17,860
Corporate bonds (a)	-	15,452	-	15,452
Domestic equity securities	13,004	-	-	13,004
Mutual fund securities				
Moderate allocation (b)	22,492	-	-	22,492
Intermediate-term bond	20,591	-	-	20,591
Domestic equity	2,189	-	-	2,189
International growth	1,811	-	-	1,811
Fixed income	<u>1,635</u>	<u>-</u>	<u>-</u>	<u>1,635</u>
Total assets at fair value	<u>\$61,722</u>	<u>\$36,196</u>	<u>\$ -</u>	<u>\$97,918</u>
Liabilities —				
Obligations under interest rate swap agreements	<u>\$ -</u>	<u>\$ 5,139</u>	<u>\$ -</u>	<u>\$ 5,139</u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 5,139</u>	<u>\$ -</u>	<u>\$ 5,139</u>

(a) This class includes investment grade bonds of U S and international issuers from diverse industries

(b) This class includes investments in mutual funds that allocate assets among equity and fixed income investments, and includes \$9,807 (43.6%) in fixed income securities and \$12,685 (56.4%) in equity securities at June 30, 2011

The following table presents the assets and liabilities measured at fair value on a recurring basis as of June 30, 2010, by the fair value hierarchy defined above

Fair Value Measurements As of June 30, 2010	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and equivalents	\$ 2,162	\$ -	\$ -	\$ 2,162
Fixed income securities				
U S government securities	-	15,293	-	15,293
Corporate bonds (a)		16,141	-	16,141
Domestic equity securities	9,711	-	-	9,711
Mutual fund securities				
Moderate allocation (b)	18,340	-	-	18,340
Intermediate-term bond	19,638	-	-	19,638
Domestic equity	1,352	-	-	1,352
International value	696	-	-	696
International growth	850	-	-	850
Fixed income	-	400	-	400
Total assets at fair value	<u>\$ 52,749</u>	<u>\$ 31,834</u>	<u>\$ -</u>	<u>\$ 84,583</u>
Liabilities —				
Obligations under interest rate swap agreements	\$ -	\$ 6,132	\$ -	\$ 6,132
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 6,132</u>	<u>\$ -</u>	<u>\$ 6,132</u>

(a) This class includes investment grade bonds of U S and international issuers from diverse industries

(b) This class includes investments in mutual funds that allocate assets among equity and fixed income investments, and includes \$9,610 (52.4%) in fixed income securities and \$8,730 (47.6%) in equity securities at June 30, 2010

There were no significant transfers to or from Level 1 or 2 during the periods presented

Valuation Techniques and Inputs for Level 2 — The Level 2 instruments listed in the preceding fair value tables use the following valuation techniques and inputs as of the valuation date

Cash and equivalents — Cash and equivalents classified as Level 2 are invested in short-term money market instruments. Fair value was determined using the calculated NAV as of the valuation date based on a constant price. These funds are invested in high-grade, short term money market instruments with daily liquidity.

U S Government Securities — The fair value of investments in U S government securities classified as Level 2 was primarily determined using techniques consistent with the market approach, including matrix pricing. Significant observable inputs to the market approach include institutional bids, trade data, broker and dealer quotes, discount rates, issuer spreads and benchmark yield curves.

Corporate Bonds — The fair value of investments in corporate bonds of U S and international issuers classified as Level 2 was primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yield curves, reported trades, observable broker or dealer quotes, issuer spreads and security specific characteristics.

Obligations Under Interest Rate Swap Agreements — The fair value of the Hospital's obligations under interest rate swap agreements classified as Level 2 are valued using a market approach. The valuation is based on a determination of market expectations relating to the future cash flows associated with the swap contract using sophisticated modeling based on observable market-based inputs such as interest rate curves. The fair value of the obligation reported in the Hospital's balance sheets includes an adjustment for the Hospital's credit risk, but may not be indicative of the value the Hospital would be required to pay upon early termination of the swap agreements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes that its methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2011 and 2010, consisted of the following:

	2011	2010
Land and buildings	\$ 199,120	\$ 188,701
Equipment	101,419	93,336
Construction in progress	<u>1,532</u>	<u>2,163</u>
	302,071	284,200
Less accumulated depreciation	<u>(164,811)</u>	<u>(150,641)</u>
Property and equipment — net	<u>\$ 137,260</u>	<u>\$ 133,559</u>

8. LONG-TERM DEBT

The Hospital's long-term debt is issued under a Master Trust Indenture that established an Obligated Group comprised of RUMC and RCMC. The Obligated Group is jointly and severally liable for the obligations issued under the Master Trust Indenture. Each Obligated Group member is expected to pay its allocated share of the debt issued on its behalf. Total Obligated Group debt as of June 30, 2011 and 2010 is 618,920 and 627,786, respectively. At June 30, 2011 and 2010, such issuances are secured by a pledge of gross receipts and a mortgage on primary healthcare facilities, as defined, of the Obligated Group members.

A summary of the Hospital's long-term debt at June 30, 2011 and 2010, is as follows

	Interest Rates	Final Maturity Date	Amount Outstanding	
			2011	2010
Illinois Finance Authority Revenue Bonds				
Fixed rate revenue bonds				
Series 2009 D	6.50 %	November 1, 2039	\$ 26,200	\$ 26,200
Series 2009 B	7.25 %	November 1, 2038	35,355	35,355
Series 2006B	5.00 % to 5.75 %	November 1, 2035	<u>29,700</u>	<u>29,700</u>
Total fixed rate debt			91,255	91,255
Variable rate revenue bonds —				
Series 1985 C, D, and F	Average of 1.33% and 1.59% in FY2011 and FY2010, respectively	February 28, 2011	<u>-</u>	<u>1,273</u>
Total variable rate debt			-	1,273
Total tax-exempt debt			91,255	92,528
Capital lease obligations			<u>2,590</u>	<u>3,297</u>
Total par value of debt			93,845	95,825
Less current portion of long-term debt			(738)	(1,980)
Net discount and premium			<u>(1,853)</u>	<u>(1,922)</u>
Long-term debt			<u>\$ 91,254</u>	<u>\$ 91,923</u>
Estimated fair value based on quoted market prices and other relevant information			<u>\$ 98,931</u>	<u>\$106,059</u>

Annual maturities of the Hospital's outstanding long-term debt for the years ending June 30, 2011, are as follows

**Years Ending
June 30**

2012	\$ -
2013	-
2014	-
2015	-
2016	-
Thereafter	<u>91,255</u>
Total	<u>\$91,255</u>

A summary of future long-term capital lease principal payments as of June 30, 2010, is as follows

Years Ending June 30	Amount
2012	\$ 738
2013	771
2014	805
2015	276
2016	-
Total	<u>\$ 2,590</u>

Obligated Group Debt — The Obligated Group’s revenue bonds with variable interest rates are subject to remarketing provisions that require the Obligated Group to repurchase the bonds if they cannot be sold to a third party. The Obligated Group has entered into various letters of credit with commercial banks to provide funding for such repurchases as necessary. Any amounts borrowed under these letters of credit as a result of a failed remarketing are due and payable more than one year from the date of such borrowing. In the absence of such agreements, the Obligated Group would be required to replace them with similar credit arrangements, convert the related debt from variable to fixed interest rates, or fund required repurchases from available funds. Draws are routinely made from the letters of credit to pay off principal and interest, and are reimbursed to the commercial banks on the following business day.

On July 29, 2009, the Illinois Finance Authority (IFA) issued \$173,800 of Series 2009C Fixed Rate Revenue Bonds, allocated to RUMC, and \$26,200 of Series 2009D Fixed Rate Revenue Bonds, allocated to the Hospital, on behalf of the Obligated Group (collectively, the “Series 2009C/D Bonds”). Proceeds from the Series 2009C/D Bonds were used to reimburse the Obligated Group for capital expenditures, establish a project fund for RUMC, refinance \$19,800 in borrowings under a taxable line of credit used to reimburse the Hospital for prior capital expenditures, and provide financing for costs of issuance and a debt service reserve fund. The Series 2009C/D Bonds are due on November 1, 2039, and are secured by a mortgage on certain real property and a pledge of the gross receipts of the Obligated Group.

The Obligated Group had a \$50 million short-term line of credit with a bank as of June 30, 2011 and 2010. This line was extended during fiscal year 2011 through December 2012. As of June 30, 2011, the Obligated Group had no amounts outstanding on this line of credit.

The Obligated Group also had a \$100 million short-term line of credit with a bank as of June 30, 2011 and 2010. This line of credit was extended, during fiscal year 2011 through 2013. Any borrowings on this short-term line of credit are due and payable in 180 days. As of June 30, 2011 and 2010, the Obligated Group had no amounts outstanding on this line of credit.

Under its various indebtedness agreements, the Obligated Group is subject to certain financial covenants, including maintaining a minimum historical debt service coverage and maximum annual debt service coverage ratios, maintaining minimum levels of days cash on hand, maintaining debt to capitalization at certain levels, limitations on selling, leasing, or otherwise disposing of Obligated Group property, and certain other nonfinancial covenants. The Obligated Group was in compliance with its debt covenants as of June 30, 2011 and 2010.

9. DERIVATIVES

Derivatives Policy — The Obligated Group uses derivative instruments, specifically interest rate swaps, to manage its exposure to changes in interest rates on variable rate borrowings. The use of derivative instruments exposes the Obligated Group to additional risks related to the derivative instrument, including market risk, credit risk, and termination risk as described below, and the Obligated Group has defined risk management practices to mitigate these risks, as appropriate.

Market risk represents the potential adverse effect on the fair value and cash flow of a derivative instrument due to changes in interest rates or rate spreads. Market risk is managed through ongoing monitoring of interest rate exposure based on set parameters regarding the type and degree of market risk that the Obligated Group will accept. Credit risk is the risk that the counterparty on a derivative instrument may be unable to perform its obligations during the term of the contract. When the fair value of a derivative contract is positive (an asset to the Obligated Group), the counterparty owes the Obligated Group which creates credit risk. Credit risk is managed by setting stringent requirements for qualified counterparties at the date of execution of a derivative transaction and requiring counterparties to post collateral in the event of a credit rating downgrade or if the fair value of the derivative contract exceeds a negotiated threshold. Termination risk represents the risk that the Obligated Group may be required to make a significant payment to the counterparty if the derivative contract is terminated early. Termination risk is assessed at onset by performing a statistical analysis of the potential for a significant termination payment under various scenarios designed to encompass expected interest rate changes over the life of the proposed contract. The test measures the ability to make a termination payment without a significant impairment to the Obligated Group's ability to meet its debt or liquidity covenants.

Board approval is required to enter or modify any derivatives transaction. The Obligated Group maintains a derivatives management plan for each derivatives transaction to facilitate communication of the risks, rewards, and exit strategies of each derivative instrument considered before execution. Management periodically reviews existing derivative positions as its risk tolerance and cost of capital changes over time.

Interest Rate Swap Agreements — In connection with the issuance of the Series 2006A Bonds, the Obligated Group entered into two interest rate swap agreements (the "Swap Agreements") to synthetically fix the interest payments on the Series 2006A bonds. Under the Swap Agreements, the Obligated Group makes fixed rate payments equal to 3.945% to the swap counterparties and receives variable rate payments equal to 68% of LIBOR (0.186% as of June 30, 2011 and 0.237% as of June 30, 2010) from the swap counterparties, each calculated on the notional amount of the Swap Agreements. As of June 30, 2011 and 2010, the Swap Agreements had a notional amount of \$96.750 outstanding (\$48.375 in notional amount with each counterparty). The Swap Agreements each expire on November 1, 2035, and amortize annually commencing in 2012. The Swap Agreements are secured by Obligations issued under the Master Indenture.

The refinancing of the Series 2006A Bonds resulted in the existing Swap Agreements no longer being associated with the Series 2006A debt. However, the Obligated Group used \$50,000 in notional amount of the Swap Agreements to manage its interest rate exposure on the Series 2008A Bonds and the remaining \$46.750 in notional amount was unhedged at June 30, 2011 and 2010. The Hospital's allocated share of the unhedged swap was \$29,700 as of June 30, 2011 and 2010. The Hospital's share of the Swap Agreements had a fair value of \$(5,139) and \$(6,132) as of June 30, 2011 and 2010, respectively, reported in other long-term liabilities in the accompanying balance sheets. The fair value of the Swap Agreements reported in the Hospital's balance sheet as of June 30, 2010 and 2009, includes an adjustment for the Obligated Group's credit risk and may not be indicative of the termination value that the Hospital would be required to pay upon early termination of the Swap Agreements.

Management has not designated the Swap Agreements as hedging instruments. Amounts recorded in the accompanying statement of operations and changes in net assets for the Swap Agreements allocated to the Hospital for the fiscal years ended June 30, 2011 and 2010, were as follows:

		Fiscal Year Ended	
		2011	2010
	Reported As		
Change in fair value of interest rate swaps	Nonoperating income (expense)	\$ 993	\$ (1,792)
Net cash payments on interest rate swaps	Interest expense	(1,120)	(1,118)

The Swap Agreements also require either party to post collateral in the form of cash and certain cash equivalents to secure potential termination payments. The amount of collateral that is required to be posted is based on the relevant party's long-term credit rating. Based on its current rating, the Obligated Group is required to post collateral with the swap counterparties in the event that the market value of the Swap Agreements exceeds \$(25,000) or \$(12,500) for each Swap Agreement. To date, the Obligated Group has not been required to post any collateral, but may be required to post collateral at any time should the valuation of the Swap Agreements decline.

10. EMPLOYEE BENEFITS

401(k) Plan — The Corporation sponsors a 401(k) retirement income plan (the "401(k) Plan") for substantially all of the Corporation's employees that provides for a defined contribution of 3% of a participant's eligible gross wages. Employees have various investment options, including a guaranteed interest account and various mutual funds. Employees are eligible to participate in the 401(k) Plan after the completion of one year of service (1,000 hours or more) and attaining the age of 21. The 401(k) Plan provides for participants to be fully vested in Corporation contributions after five years, to make voluntary pretax contributions, and provides that spouses may receive survivor benefits.

The Hospital's contributions to the 401(k) Plan were approximately \$2,651 in 2011 and \$2,487 in 2010. The Corporation, at its discretion and from time to time, matches one-half of the employee contributions up to 3%. Matching contributions were approximately \$328 in 2011 and \$0 in 2010.

Supplemental Retirement Plan — The Corporation sponsors a nonqualified, supplemental retirement plan (SRP) for senior executives in exchange for commitment of employment at RCMC. The SRP is noncontributory and eligibility is based on continued employment at RCMC. Participants are eligible to participate in the SRP plan on July 1 after the completion of one year of service in an eligible position. Each participant's SRP account is credited with an amount expressed as a percentage of the participant's compensation.

The SRP is funded at the discretion of the executive committee of the Hospital's Board of Directors, currently at 70% of benefits accrued. The benefit obligation was \$2,749 and \$2,234 as of June 30, 2011 and 2010, respectively. The Hospital funded \$547 and \$108 into SRP in 2011 and 2010, respectively. Compensation expense related to the SRP was \$515 and \$484 in 2011 and 2010, respectively.

11. CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net patient accounts receivable from patients and third-party payors at June 30, 2011 and 2010, was as follows:

	2011	2010
Medicare	19 %	15 %
Medicaid	12	11
Commercial	11	16
Blue Cross	13	18
Managed care	27	23
Self-pay	<u>18</u>	<u>17</u>
Total	<u>100 %</u>	<u>100 %</u>

12. CONTINGENCIES

Professional Liability — The Hospital maintains insurance programs, including both self-insured and purchased insurance arrangements, for certain professional liability claims. From October 1986 to December 2009, the Hospital was insured for professional liability claims through the Chicago Hospital Risk Pooling Program (CHRPP). CHRPP is a pooled insurance program in which claims are paid out of the pooled funds of several hospitals. The Hospital's primary coverage limits under CHRPP were \$1,000 per occurrence and \$3,000 annual aggregate with excess coverage limits of \$10,000 per occurrence and \$20,000 annual aggregate, with a \$50 or \$100 per occurrence deductible. Under the terms of the CHRPP arrangement, the Hospital can be charged retrospective premiums if actuarially determined funding proves inadequate.

Starting on January 1, 2010, the Hospital implemented a self-insurance program for professional and general liability claims for claims not covered under the CHRPP. Self-insured risks are retained at \$2,000 per claim and \$10,000 annual aggregate. The Hospital also maintains excess liability insurance coverage with combined limits of \$35,000 per claim and in the aggregate. Amounts above specified self-insured limits are insured through purchased insurance policies. Insurance is purchased on a claims-made basis. The Hospital has established an account to pay claims and related costs.

The Hospital has employed an independent actuary to estimate the ultimate costs of claim settlements. The estimated incurred but not reported claims liabilities are based on the actuarial estimate of losses using the Hospital's actual payout patterns and various other assumptions and are recorded at the estimated present value of self-insured claims that will be settled in the future. If the present value method was not used, the Hospital's liability for insured claims would be approximately \$1.956 and \$1.512 higher than the amounts recorded on the balance sheets at June 30, 2011 and 2010, respectively. The discount rate used in calculating the present value was 4.0% and 4.0% in 2011 and 2010, respectively.

The Hospital is subject to various other regulatory investigations, legal proceedings, and claims which are incidental to its normal business activities. In the opinion of management, the amount of ultimate liability with respect to professional liability matters and other actions will not have a material adverse effect on the financial position or results of operations of the Hospital.

Employee Medical Benefit Plan — The Corporation sponsors medical benefit plans covering substantially all of its employees and their dependents. The medical benefit expense is based on actual medical and prescription claims paid, administration fees, and the provision for unpaid and unreported claims at year-end. At June 30, 2011 and 2010, the estimated liability for unpaid and unreported claims was \$1.517 and \$1.308, respectively. The medical benefit expense was \$10.599 and \$8.716 in 2011 and 2010, respectively.

13. LEASE COMMITMENTS

The summary of the total minimum payments, under noncancelable operating leases as of June 30, 2011, is as follows:

Years Ending June 30	Operating Lease Commitments
2012	\$ 844
2013	769
2014	735
2015	627
2016	441
Thereafter	<u>2,113</u>
Total	<u>\$ 5,529</u>

The Hospital signed leases with the third-party owner of a professional office building (POB II) located on the grounds of the Hospital and to be used for operations space. Terms of the POB II leases are 5–15 years, beginning March 2009, with total annual rent \$414.

14. RELATED-PARTY TRANSACTIONS

The Hospital incurs certain costs on behalf of its affiliates for matters such as salaries, insurance, utilities, and other operating expenses, and charges them for these costs. The charges to other affiliates were approximately \$15,230 in 2011 and \$16,338 in 2010, and are recorded as reductions of the applicable expenses.

The Hospital transferred \$8,792 in 2011 to the Corporation to support its operating activities and received \$57 for capital from the Foundation's unrestricted funds in 2011. The Hospital transferred \$9,871 in 2010 to the Corporation to support its operating activities and received \$0 for capital from the Foundation's unrestricted funds in 2010.

The Foundation, an affiliate of the Hospital, which is controlled by the Corporation, was established primarily to solicit contributions from the general public and to support the Hospital. The Foundation's Board of Directors determines funds contributed to the Hospital from the Foundation's unrestricted contributions and assets. A summary of the Foundation's financial position as of June 30, 2011 and 2010, is as follows:

	2011	2010
Assets — principally cash and investments	\$ 17,573	\$ 14,733
Liabilities	<u>(529)</u>	<u>(165)</u>
Net assets	<u>\$ 17,044</u>	<u>\$ 14,568</u>

Temporarily restricted net assets as of June 30, 2011 and 2010, are available for the following purposes:

	2011	2010
Medical staff education	\$ 292	\$ 292
Various restricted purposes	<u>3,603</u>	<u>2,725</u>
Total	<u>\$ 3,895</u>	<u>\$ 3,017</u>

15. JOINT VENTURES AND OTHER AFFILIATIONS

The Hospital has affiliations with and interests in other organizations, some of which are not consolidated. These organizations primarily operate inpatient and outpatient health services.

Investments in unconsolidated joint ventures, accounted for on the equity basis, totaled \$2,685 and \$2,864 as of June 30, 2011 and 2010, respectively, and are included in other assets in the accompanying balance sheets. Income recognized from these joint ventures was \$791 and \$582 in 2011 and 2010, respectively, and is included in other revenue in the accompanying statements of operations and changes in net assets.

16. FUNCTIONAL EXPENSES

Expenses related to the patient care, general and administrative, and Medicaid provider tax provided by the Hospital for the years ended June 30, 2011 and 2010, were as follows:

	2011	2010
Healthcare	\$ 193,856	\$ 184,974
General and administrative	50,896	50,481
Medicaid provider tax assessment	<u>7,125</u>	<u>7,125</u>
Total	<u>\$ 251,877</u>	<u>\$ 242,580</u>

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