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Form 990

OMB No 1545 0047

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)

2010

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2010 calendar year, or tax year beginning 7/01, 2010, and ending 6/30, 2011

Form B: Check if applicable (Address change, Name change, etc.), D Employer identification number, E Telephone number, F Name and address of principal officer, G Gross receipts, H(a) Is this a group return for affiliates?, H(b) Are all affiliates included?, I Tax-exempt status, J Website, K Form of organization, L Year of formation, M State of legal domicile.

Part I Summary

Table with columns: Activities & Governance, Revenue, Expenses, Net Assets or Fund Balances. Rows include mission statement, revenue breakdown, expenses, and net assets.

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.

Signature of officer: John A. Orsini, CPA, Treasurer. Date: 7/5/10. Includes stamp: RECEIVED WITH REMITTANCE 27319

Paid Preparer Use Only: Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, Firm's name, Firm's address, Firm's EIN, Phone no.

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

SCANNED JUN 28 2012

INTERNAL REVENUE SERVICE W & I - FIELD ASSISTANCE SCHWEPER PARK, IL 60176

Handwritten numbers and initials: 917, 1 ne

Part III Statement of Program Service Accomplishments

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

X

1 Briefly describe the organization's mission

See Schedule O

2 Did the organization undertake any significant program services during the year which were not listed on the prior

Form 990 or 990-EZ?

Yes No X

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes No X

If 'Yes,' describe these changes on Schedule O See Schedule O

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

4a (Code) (Expenses \$ 23,684,784. including grants of \$) (Revenue \$)

The hospital provide patient care of 2,864 acute patient days and had 817 acute discharges. Skilled nursing patient days were 1,021 and discharges were 59. There were 4,711 emergency room visits and 553 surgeries.

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses 23,684,784.

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>	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)	X	
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>		X
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>		X
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>		
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If 'Yes,' complete Schedule D, Part X</i>	X	
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>	X	
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>		X
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>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If 'Yes,' complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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>		X
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 United States? <i>If 'Yes,' complete Schedule F, Parts II and IV</i>		X
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 United States? <i>If 'Yes,' complete Schedule F, Parts III and IV</i>		X
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>		X
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>		X
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>		X
20 a Did the organization operate one or more hospitals? <i>If 'Yes,' complete Schedule H</i>	X	
b If 'Yes' to line 20a, did the organization attach its audited financial statements to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
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>		X
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>		X
23 Did the organization answer 'Yes' to Part VII, Section A, line 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>	X	
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, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
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>		X
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>		X
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>		X
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>		X
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>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
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>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M</i>		X
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>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I</i>		X
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>	X	
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>		X
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>	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?		X
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 type="checkbox"/> Yes <input checked="" 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>		X
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>		X
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	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. <input type="text" value="0"/>		
1 b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. <input type="text" value="0"/>		
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2 a	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. <input type="text" value="0"/>		
2 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)		
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
3 b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O		
4 a	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)?		X
4 b	If 'Yes,' enter the name of the foreign country: <input type="text"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5 b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5 c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?		
6 a	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?		X
6 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7 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?		X
7 b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
7 c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7 d	If 'Yes,' indicate the number of Forms 8282 filed during the year. <input type="text" value="7"/>		
7 e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7 f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7 g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7 h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9 a	Did the organization make any taxable distributions under section 4966?		
9 b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10 a	Initiation fees and capital contributions included on Part VIII, line 12. <input type="text"/>		
10 b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. <input type="text"/>		
11	Section 501(c)(12) organizations. Enter		
11 a	Gross income from members or shareholders. <input type="text"/>		
11 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). <input type="text"/>		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12 b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. <input type="text"/>		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13 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		
13 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. <input type="text"/>		
13 c	Enter the amount of reserves on hand. <input type="text"/>		
14 a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14 b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O		

Part VI Governance, Management and Disclosure For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 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
1 a	Enter the number of voting members of the governing body at the end of the tax year		
1 b	Enter the number of voting members included in line 1a, above, who are independent		
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?		X
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?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Does the organization have members or stockholders? See Schedule O	X	
7 a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? See Schedule O	X	
7 b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? See Sch O	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8 a	a The governing body?	X	
8 b	b Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director or 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		X

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

		Yes	No
10 a	Does the organization have local chapters, branches, or affiliates?		X
10 b	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?		
11 a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 See Schedule O		X
12 a	Does the organization have a written conflict of interest policy? If 'No,' go to line 13	X	
12 b	b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12 c	c Does the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done See Schedule O	X	
13	Does the organization have a written whistleblower policy?	X	
14	Does the organization have a written document retention and destruction policy?	X	
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?		
15 a	a The organization's CEO, Executive Director, or top management official See Schedule O	X	
15 b	b Other officers of key employees of the organization See Schedule O If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)	X	
16 a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16 b	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?		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed ▶ None
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request
- 19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Schedule O
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 ▶ David Wrigley 100 North River Road Des Plaines IL 60016 847-813-3728

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

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

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

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

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

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

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
See Schedule O										
(1) Sandra Bruce President & CEO	1	X		X			0.	903,163.	30,928.	
(2) John Kirkklakis M.D. Director	1	X					0.	0.	0.	
(3) M Patricia Shehorn Dir/AsstSec/CEO	40	X		X			0.	256,430.	59,489.	
(4) Marianne Schiavone Director	1	X					0.	0.	0.	
(5) David DiLoreto Dir/Asst Sec/EV	1	X		X			0.	533,235.	88,565.	
(6) Margaret McDermott Director	1	X					0.	629,998.	78,743.	
(7) Angelique Richard Director	1	X					0.	202,617.	36,738.	
(8) Sr. Kathleen Ann Stadle Director	1	X					0.	0.	0.	
(9) Starr Novak Dir/Asst Sec	1	X					0.	360,807.	68,279.	
(10) Michael De Haan, M.D. Director	1	X					0.	0.	0.	
(11) Nicola Byrne Asst. Treasurer	1			X			0.	225,462.	26,915.	
(12) John A Orsini, CPA Treasurer/CFO	1			X			0.	327,558.	56,589.	
(13) James Sykes Asst. Treasurer	1			X			0.	224,381.	31,001.	
(14) Jeannie C. Frey Dir/Asst. Sec	1			X			0.	439,590.	81,847.	
(15) Joan Ormsby VP, COO	40				X		0.	147,071.	20,661.	
(16) Deborah Davisson VP, CNO	40				X		0.	123,239.	15,747.	
(17) Isoken Koko Physician	40					X	0.	256,277.	30,479.	

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch 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			
(18) Scott A. Levin Physician	40					X	0.	151,472.	23,548.	
(19) Max L. Harris Program Director	40					X	0.	148,124.	11,812.	
(20) Kenneth Blair Medical Director	40					X	0.	145,284.	19,895.	
(21) Daniel Torres Physician	40					X	0.	145,860.	14,538.	
(22) Ronald Struxness Dir/Group EVP	0					X	0.	799,277.	32,247.	
(23) Tom Capobianco Treasurer/CFO	0					X	0.	694,184.	42,537.	
(24) Jay E Kreuzer President & CEO	0					X	0.	405,260.	12,810.	
(25) Ivette Estrada Director	0					X	0.	409,437.	35,023.	
(26)										
(27)										
(28)										
(29)										
1 b Sub-total							0.	7,528,726.	818,391.	
c Total from continuation sheets to Part VII, Section A							0.	0.	0.	
d Total (add lines 1b and 1c)							0.	7,528,726.	818,391.	

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 **0**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If 'Yes,' complete Schedule J for such individual</i>	X	
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? <i>If 'Yes' complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If 'Yes,' complete Schedule J for such person</i>		X

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
GE Healthcare (96483) P.O. Box 96483 Chicago, IL 60693	Equipment Repair	718,517.
PCC Community Wellness Center 14 W. Lake Street Oak Park, IL 60302	Residency Teaching	649,772.
Diversified Emergency Services 5757 N Lincoln Avenue Chicago, IL 60	Emergency Services	601,099.
U.S. Bank Corporate Trust P.O. Box 70870 St Paul, MN 55170-9705	Banking Services	523,945.
Fresenius Management Services, Inc. 16343 Collections Center Chicago	Dialysis Analysis	408,932.

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 **14**

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d 32,996.				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lns 1a-1f \$					
h Total. Add lines 1a-1f		32,996.				
PROGRAM SERVICE REVENUE	Business Code					
	2a <u>Net Patient Revenue</u>		14,127,724.		14,127,724.	
	b					
	c					
	d					
	e					
	f All other program service revenue					
g Total. Add lines 2a-2f		14,127,724.				
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)		74.		74.	
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6a Gross Rents	(i) Real				
		(ii) Personal				
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)					
	7a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
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 <u>Other Revenue</u>	900099	382,371.	382,371.			
b						
c						
d All other revenue						
e Total. Add lines 11a-11d		382,371.				
12 Total revenue. See instructions		14,543,165.	382,371.	0.	14,127,798.	

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)

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(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				
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	724,789.	724,789.	0.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	4,439,898.	4,439,898.		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	232,391.	232,391.		
9 Other employee benefits	681,357.	681,357.		
10 Payroll taxes	369,202.	369,202.		
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	612,399.	612,399.		
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	200,851.	200,851.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance	568,386.	568,386.		
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 Loss from discontinued operations	10,308,345.	10,308,345.		
b Supplies	1,962,446.	1,962,446.		
c Bad debt	1,790,875.	1,790,875.		
d Centralized services	1,319,603.		1,319,603.	
e Purchased services	752,492.	752,492.		
f All other expenses	1,041,353.	1,041,353.		
25 Total functional expenses. Add lines 1 through 24f	25,004,387.	23,684,784.	1,319,603.	0.
26 Joint costs. Check here <input 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) Beginning of year		(B) End of year	
ASSETS	1	Cash – non-interest-bearing	2,030,377.	1	
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	378,296.	4	
	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)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges	372,729.	9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D		10a	
	b	Less accumulated depreciation.		10b	10c
	11	Investments – publicly traded securities	2,902,566.	11	
	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	39,828,102.	15	2,496,564.
16	Total assets Add lines 1 through 15 (must equal line 34)	45,512,070.	16	2,496,564.	
LIABILITIES	17	Accounts payable and accrued expenses	11,162,984.	17	736,947.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities.		20	
	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	52,683,216.	25	1,759,617.
	26	Total liabilities. Add lines 17 through 25	63,846,200.	26	2,496,564.
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	-18,334,130.	27	
	28	Temporarily restricted net assets		28	
	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	-18,334,130.	33	0.
34	Total liabilities and net assets/fund balances.	45,512,070.	34	2,496,564.	

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Form 990 (2010)

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	14,543,165.
2	Total expenses (must equal Part IX, column (A), line 25)	2	25,004,387.
3	Revenue less expenses Subtract line 2 from line 1	3	-10,461,222.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-18,334,130.
5	Other changes in net assets or fund balances (explain in Schedule O) See Schedule O	5	28,795,352.
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	0.

Part XII Financial Statements and Reporting

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

- 1 Accounting method used to prepare the Form 990 Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
 b Were the organization's financial statements audited by an independent accountant?
 c If 'Yes' to line 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
 d If 'Yes' to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both
 Separate basis Consolidated basis Both consolidated and separate 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?
 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

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

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SCHEDULE A
(Form 990 or 990-EZ)

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 Can West Ministry Services	Employer identification number 36-2182170
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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 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 is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

- (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 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)

(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 column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
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 'unusual grants'.)						
2 Tax revenues levied for the organization's benefit and either paid to it 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 section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

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 from 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 the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33-1/3% support test – 2009. If the organization did not check a 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 ▶ <input type="checkbox"/>		
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 ▶ <input type="checkbox"/>		
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 ▶ <input type="checkbox"/>		
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 ▶ <input type="checkbox"/>		

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Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal yr 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 yr 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 lns 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

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 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

Employer identification number

Can West Ministry Services

36-2182170

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?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 8

1a If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958), 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 (ASC 958) 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 acquisition, 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 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	

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

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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶ _____ %
- b Permanent endowment ▶ _____ %
- c Term endowment ▶ _____ %

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

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

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

Part VI 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				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) ▶ 0.

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
Total. (Column (b) must equal Form 990 Part X, column (B) line 12.) ▶		

Part VIII Investments—Program Related. (See Form 990, Part X, line 13) N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, column (B) line 13.) ▶		

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

(a) Description	(b) Book value
(1) Assets held for sale	2,496,564.
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column(B), line 15) ▶	2,496,564.

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

(a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) Liabilities held for sale	1,759,617.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25) ▶	1,759,617.

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

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

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		N/A
1	Total expenses and losses per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities	2a
b	Prior year adjustments	2b
c	Other losses	2c
d	Other (Describe in Part XIV)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV)	4b
c	Add lines 4a and 4b	4c
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, 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

Part X- FIN 48 Footnote

RHC and Affiliates recognize the tax benefit from an uncertain tax position only if

it is more likely than not that the tax position will be sustained on examination by

the taxing authorities, based on the technical merits of the position. RHC and

Affiliates do not have any liabilities for unrecognized tax benefits.

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization

Cana West Ministry Services

Employer identification number

36-2182170

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1 a Did the organization have a charity care policy? If 'No,' skip to question 6a	1 a	X	
b If 'Yes,' was it a written policy?	1 b	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to the various hospital facilities during the tax year			
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities			
<input type="checkbox"/> Generally tailored to individual hospital facilities			
<input type="checkbox"/> Applied uniformly to most hospital facilities			
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care	3 a	X	
<input checked="" type="checkbox"/> 100%			
<input type="checkbox"/> 150%			
<input type="checkbox"/> 200%			
<input type="checkbox"/> Other _____ %			
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care.	3 b	X	
<input type="checkbox"/> 200%			
<input type="checkbox"/> 250%			
<input type="checkbox"/> 300%			
<input type="checkbox"/> 350%			
<input checked="" type="checkbox"/> 400%			
<input type="checkbox"/> Other _____ %			
c If the organization did 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 used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care. See Part VI			
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the 'medically indigent'?	4	X	
5 a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5 a	X	
b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?	5 b	X	
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?	5 c		X
6 a Did the organization prepare a community benefit report during the tax year?	6 a	X	
b If 'Yes,' did the organization make it available to the public?	6 b	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial assistance at cost (from Worksheets 1 and 2)			204,307.		204,307.	0.88
b Unreimbursed Medicaid (from Worksheet 3, column a)			3,348,410.	2,366,162.	982,248.	4.23
c Unreimbursed costs — other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	0	0	3,552,717.	2,366,162.	1,186,555.	5.11
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			820.		820.	0.
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			168,848.		168,848.	0.73
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total. Other Benefits	0	0	169,668.	0.	169,668.	0.73
k Total. Add line 7d and 7j	0	0	3,722,385.	2,366,162.	1,356,223.	5.84

Part II Community Building Activities Complete this table if the organization conducted any 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	0	0	0.	0.	0.	0.

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- 1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? 1
- 2 Enter the amount of the organization's bad debt expense (at cost) 2 287,797.
- 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
- 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. See Part VI

	Yes	No
1		X
2		
3		
4		

Section B. Medicare

- 5 Enter total revenue received from Medicare (including DSH and IME) 5 4,548,285.
- 6 Enter Medicare allowable costs of care relating to payments on line 5 6 3,019,414.
- 7 Subtract line 6 from line 5. This is the surplus (or shortfall) 7 1,528,871.
- 8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:
 Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

- 9a Did the organization have a written debt collection policy during the tax year? 9a X
- b If 'Yes,' did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI See Part VI
9b X

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					

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Cana West Ministry Services

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1	
If "Yes," indicate what the Needs Assessment describes (check all that apply)		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment _____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9	
If "Yes," indicate the FPG family income limit for eligibility for free care _____ %		

Part V Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If 'Yes,' indicate the FPG family income limit for eligibility for discounted care _____ %		
11	Explained the basis for calculating amounts charged to patients? If 'Yes,' indicate the factors used in determining such amounts (check all that apply)		
a	<input type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance?		
13	Included measures to publicize the policy within the community serviced by the hospital facility? If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply)		
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14	Did the hospital have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?		
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other actions (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year? If 'Yes,' check all collection actions in which the hospital facility or a third party engaged (check all that apply)		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other actions (describe in Part VI)		
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply)		
a	<input type="checkbox"/> Notified patients of the financial assistance policy on admission		
b	<input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c	<input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d	<input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance		
e	<input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?		
	If 'No,' indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)		
	If 'Yes,' explain in Part VI		
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility		
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility		
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?		
	If 'Yes,' explain in Part VI		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?		
	If 'Yes,' explain in Part VI		

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used)

Discount for Low-Income Uninsured Patients.

Financial Assistance/Charity Care discounts or discounted fee schedules is available for Medically Necessary Hospital Services provided to Uninsured Patients who are unable to pay all or part of the otherwise applicable charge for their care due to financial need, as documented in accordance with this Policy. Patients demonstrating financial need based on household income at or below one hundred percent (100%) of the Federal Poverty Level, combined with a general lack of liquid assets, will receive a one hundred percent (100%) discount on Medically Necessary Hospital Services. Patients generally lacking liquid assets who have household income between one hundred percent (100%) and up to four hundred percent (400%) of the Federal Poverty Level will receive a sliding-scale discount for such hospital care, at levels approved by the RHC Executive Leadership Team.

Payment Caps Under Illinois Uninsured Patient Discount Act. To the extent required by the Illinois Uninsured Patient Discount Act, and subject to other eligibility standards and exclusions as set forth by such law including standards based on asset level, Uninsured Patients who are Illinois residents having household income of up to six hundred percent (600%) of the Federal Poverty Level shall not be required to pay to an RHC hospital more than twenty five percent (25%) of such patient's family

Part VI: Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used) (continued)

gross income within a twelve (12) month period.

Other Payment Caps. An Uninsured Patient who is eligible for Financial Assistance/Charity Care at an RHC Hospital pursuant to the criteria set forth in Section 5.1 or 5.3 below shall be eligible for a payment cap based on RHC's charitable commitment to catastrophic medical expenses assistance based on medical indigence, as follows:

For an eligible Uninsured Patient who demonstrates that s/he has a household income of four hundred percent (400%) or less of the Federal Poverty Level, such patient's payment obligation within any 12-month period is limited to the higher of: (a) ten percent (10%) of the patient's annual gross household income; or (b) ten percent (10%) of the patient's Non-Retirement Household Liquid Assets.

For an eligible Uninsured Patient who demonstrates that s/he has a household income over four hundred percent (400%) of the Federal Poverty Level, or less, such patient's payment obligation within any 12-month period is limited to the higher of: (a) fifteen percent (15%) of annual gross household income; or (b) fifteen percent (15%) of the patient's Non-Retirement Household Liquid Assets.

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used) (continued)

Financial Assistance/Charity Care for Insured Patients.

Subject to insurance and governmental program restrictions (which may limit the ability to grant a discount on co-pays or deductibles, versus discounts on co-insurance), insured individuals, federal program beneficiaries and other individuals who are not automatically eligible for Financial Assistance/Charity Care hereunder but who demonstrate medical indigence or other financial need, may receive a Financial Assistance/Charity Care discount in similar or different amounts as are available to Uninsured Patients under this policy, as determined appropriate under the circumstances by RHC Patient Financial Services.

Discounts for Uninsured, Medically Indigent Patients.

Uninsured Patients whose household income is greater than four hundred percent (400%) of the Federal Poverty Level or who do not meet the automatic eligibility criteria set forth in Section 5 below, will nevertheless be eligible to receive a financial assistance/charity care discount based on a determination of medical indigence, by virtue of having medical bills from an RHC hospital in an amount equal to or greater than fifteen percent (15%) of their household income and available assets. Such Financial Assistance/Charity Care discount for uninsured higher income but medically indigent patients shall be one that is reasonable in relation to the

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used) (continued)

individual patient's household financial circumstances and the health status of the patient.

Part I, Line 6a - Related Organization Community Benefit Report

Resurrection Healthcare, the parent corporation of Cana West Ministry Services, publishes an annual Report to Our Communities, which details the combined charitable impact our facilities, have within the communities we serve. This report is inclusive of our hospital and non-hospital ministries. The report is distributed to federal, local and state officials, community leaders, religious leaders and other groups. It is also widely available on our consumer Web site (www.reshealth.org)

Part I, Line 7 - Explanation of Costing Methodology

Per the 990H instructions, the cost to charge ratio used to determine 7a. Financial assistance at cost and 7b. Unreimbursed Medicaid was derived from Worksheet 2, Ratio of Patient Care Cost to Charges.

Part I, Line 7, Column F - Explanation of Bad Debt Expense

Per the 990H instructions, the bad debt expense amount of \$1,790,875 has been removed from the denominator in calculating percentage of total expenses for scheduled H Part I line 7.

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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
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Part III, Line 4 - Bad Debt Expense

The footnotes to Resurrection Health Care's audited financial statements do not specifically address bad debt expense, rather, the footnote describes Resurrection Health Care's patient accounts receivable policy. Patient accounts receivable are stated at net realizable value. Resurrection Health Care evaluates the collectability of its accounts receivable based on the length of time the receivable is outstanding, payer class, historical collection experience, and trends in health care insurance programs. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible. The costing methodology used in determining the amounts reported on line 2 is based on the ratio of patient care cost to charges. The bad debt (at cost) was calculated by applying the organization's cost to charge ratio to the organization's provision for uncollectable accounts receivable. Resurrection Health Care makes every effort to identify those patients who are eligible for charity care or other financial assistance by strictly adhering to its Charity Care policy. We believe that Resurrection has a population of patients who are uninsured or underinsured but who do not complete the charity care assessment. Although Resurrection responded to Part III, Line 3 as 0, the response would be accurately noted as unknown. We strongly believe, despite significant proactive measures, there are a percentage of bad debts that could be considered community benefit. However, at this time we do

Part VI Supplemental Information

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Part III, Line 4 - Bad Debt Expense (continued)

not believe we have the appropriate tools to determine the percentage accurately.

Part III, Line 9b - Provisions On Collection Practices For Qualified Patients

Collection policies are the same for all RHC entities which includes West Suburban Medical Center's patients. Patients are notified of West Suburban Medical Center's financial assistance policy at time of registration via posted notifications and on every account statement that is sent. We make this available in a number of languages. On receipt of the information, we will determine eligibility for financial assistance and notify the patient as quickly as possible. The Hospital does not pursue collection of amounts from patients who are being reviewed for financial assistance eligibility or who are determined to qualify for charity care.

If at any point in the collection process, documentation is received that indicates the patient is potentially eligible for financial assistance but has not applied for it, the account is referred back for a financial assistance review.

In addition, all patients having difficulty paying their bills are directed to financial counselors. The financial counselors will work with our patients to qualify them for charity care or government program such as Medicaid. After a

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Part III, Line 9b - Provisions On Collection Practices For Qualified Patients (continued)

patient meets the qualifications for financial assistance, the account balance is either partially or entirely written off in accordance with our financial assistance policy. If there is any remaining balance, only that balance would be subject to our debt collection policy.

If a patient has requested and/or filled out a financial aid application, all debt collection activities stop until eligibility for financial assistance can be determined. Our policy provides that once we have received the necessary documentation we will not refer any accounts for collection until we can determine whether the individual is insured and not eligible for financial assistance.

Part VI - Needs Assessment

In order to ascertain the health care needs of the community served by Resurrection Health Care, a number of internal and external sources were reviewed. The quantitative data focused on published health status indicators as well as our own direct measures of expressed community needs (via phone calls, website and survey responses), while the qualitative data relied upon the direct experience of RHC staff with clinical and health education responsibilities.

External Sources for Assessing Community Needs

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Part VI - Needs Assessment (continued)

1. Chicago Department of Public Health - Casting Chicago's Health Care Safety Net: A 12-Year Review of Chicago's Community-Based Primary Care System. The report highlights the changes that occurred in Chicago's community-based health care safety net system between 1990-2002. The report also explores, for the same 12-year period, changes in related indicators: general population characteristics, health status and insurance coverage.
2. We Plan 2005-2010 (in conjunction with The Cook County Department of Public Health) summarizes the process of assessment - a systematic collection and analysis in order to provide a basis for decision making and community strategic planning. We Plan 2005-2010 is a compilation of data and analysis, measurable objectives, available resources, interventions and preliminary implementation steps for three priority health indicators: chronic disease, violence and access to care.
3. Taking a Closer Look at Illinois Uninsured (2009 edition) published by the Gilead Outreach & Referral Center, documents the most current demographics of uninsured individuals and families in Illinois. The report demonstrates that 1.6 million Illinoisans still lack basic health care coverage.
4. The Community Needs Index (CNI) is a standardized community need assessment tool offered by Thomson Reuters that demonstrates the link between community need and access to care. The CNI is a strong indicator of a community's demand for health

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Part VI - Needs Assessment (continued)

care services. Specifically, the CNI score is an average of five different barrier scores that measure various socioeconomic indicators of each community: income, cultural, education, insurance and housing. The CNI tool uses a scale of 1 to 5: a score of 1 indicates the least need while a score of 5 represents the most need. This tool was applied to the Resurrection Health Care service area.

5. Metropolitan Chicago Healthcare Council (MCHC) Needs Assessment is a comprehensive, data driven approach to determine the health status, and understand the behaviors and needs of the residents of Cook, Lake, and DuPage counties. This study can be use to address and understand the needs of individual communities.

6. 2009 Report on Chicago Region Poverty: In this ninth annual comprehensive analysis of poverty indicators in Illinois, the report explains that unemployment and poverty are correlated; rising unemployment precipitates an increase in poverty. With the Illinois unemployment rate already over 9 percent, the ripple effect on Illinoisans is severe, according to researchers.

7. Healthy People 2020 is an updated initiative by the U.S. Department of Health and Human Services, composed of federal, state and territorial departments, to strategically focus on initiatives which can be measured and which promote healthy living and disease prevention. Their website offers information on many leading indicators that are currently being measured. In addition, all community benefit

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Part VI - Needs Assessment (continued)

activities are reported and organized using the Community Benefit Inventory for Social Accountability (CBISA) software which utilizes the Healthy People 2010/2020 categories in its database.

8. Metro Chicago Information Center (MCIC) is an organization that details information on community needs assessments for the city of Chicago. The information identifies the demographics and community needs by categorizing the city into six distinct areas or communities.

Part VI - Patient Education of Eligibility for Assistance

The hospital maintains effective methods of communicating the availability of Financial Assistance/Charity Care discounts to all patients, in multiple appropriate media and in multiple appropriate languages. The mechanisms that the Hospital will use to communicate the availability of Financial Assistance/Charity Care will include, but are not limited to the following:

1. Signage. Signs shall be conspicuously posted in the admission, registration and other appropriate areas of the hospital stating that patients may be eligible for Financial Assistance/Charity Care discounts, and describing how to obtain more information, including identification of appropriate hospital representatives by title. Such signs shall be prepared in English, Spanish, and any other language that

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Part VI - Patient Education of Eligibility for Assistance (continued)

is the primary language of at least 5% of the patients served by the hospital annually.

2. Provision of Financial Assistance Materials to Uninsured Patients. RHC hospitals will provide a summary of its Financial Assistance Programs and a Financial Assistance application to all persons receiving hospital care that it identifies as Uninsured Patients at the time of in-person registration, admission, or such later time at which the patient is first identified as an Uninsured Patient. For patients presenting in the Emergency Department, all RHC hospitals will provide such Financial Assistance materials at such time and in such manner as is consistent with their obligations under EMTALA to assess and stabilize the patient before making inquiry of the patient's ability to pay.

3. Brochures. Brochures, information sheets and/or similar forms of written communication regarding the hospital's Financial Assistance/Charity Care policy shall be maintained in appropriate areas of the hospital (e.g., the Emergency Department, organized registration areas, and the Business Office) stating in at least English, Spanish and Polish, that the hospital offers Financial Assistance/Charity Care discounts, and describing how to obtain more information.

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Part VI - Patient Education of Eligibility for Assistance (continued)

4. Website. Each RHC's section of the Resurrection Heath Care website must include: a notice in a prominent place that financial assistance is available at the hospital; a description of the financial assistance application process; and a copy of the RHC hospital financial assistance application form.

5. Billing Notices. Each RHC hospital shall include a note on or with the Hospital bill and/or statement regarding the hospital's Financial Assistance/Charity Care program, and how the patient may apply for consideration under this program.

6. Financial Counselors. Each RHC hospital shall have one or more financial counselors whose contact information is listed or provided with other information concerning the hospital's Financial Assistance/Charity Care discount program, who are available to discuss eligibility and other questions concerning the program, and to provide assistance with applications.

7. Notification of Determination. When an RHC hospital has made a determination that a patient's bill is discounted or adjusted in whole or in part based on a determination of financial need, the hospital will notify the patient of such

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Part VI - Patient Education of Eligibility for Assistance (continued)

eligibility determination, and that there is no further collection action taken on the discounted portion of the patient's bill.

Part VI - Community Information

To determine our core community, a comprehensive list of factors were considered including inpatient, outpatient and emergency department patient origin, facility location, inpatient market share, net Resurrection Health Care market share, and ongoing community outreach efforts.

Oak Park- 60301, 60302, 60304

River Forest- 60305

Belmont Cragin- 60639

Chicago-Austin- 60644

Chicago- Humboldt Park- 60651

Elmwood Park- 60707

Demographic Information (Based on 2007 data)

-The West Suburban Medical Center core community has a total population of 329,939, which is projected to decrease 1.6 % by year 2012.

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Part VI - Community Information (continued)

-Within the core community there are a total of 104,510 households. The median home value is 271,896 and the median age is 32.

-The core community is racially/ethnically diverse. (32% Hispanic, 42% Black, 23% White, and 1.6% Asian)

-The core community has an average household income of \$49,124 with a 10.8% unemployment rate.

-The population within the core community has varying levels of education with 20.5% holding a bachelor's degree or greater.

- Resurrection Health Care hospitals offer either personal or telephonic medical interpretation services. There were 20,965 medical interpretations provided via telephone alone in FY10 across the system, in 77 different languages.

Health Status Information

-Within the West Suburban Medical Center core community, 26% of the population is uninsured based on 2007 data. Belmont/Cragin have the highest number of uninsured (29,563) within the core community.

-A majority of the core community is at high risk for not having received breast

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Part VI - Community Information (continued)

cancer and/or cholesterol screening and not engaging in monthly exercise.

-In 2003 West Suburban Medical Center core community's leading cause of death was heart disease. The second leading cause of death was cancer.

Part VI - Community Building Activities

Chicago is a diverse city of unique neighborhoods. West Suburban Medical Center, like all Resurrection Health Care hospitals, has a Neighborhood Community Relations Committee made up of representatives of the hospital, local clergy, business groups, community service agencies and elected officials. These committees work together to identify community health needs and devise strategies and tactics to address those health needs together, with an overall goal of improving the health status of the community.

Resurrection Health Care is part of Building a Healthier Chicago (BHC), a collaborative of local and national stakeholders working to strengthen efforts to promote the health of Chicago residents. BHC seeks to create integrated, effective and sustained community-wide partnerships for health promotion. Its goal is to improve the health of Chicago residents by providing information on policies and programs to help promote healthier lifestyle choices for Chicago residents as well as the prevention and treatment of high blood pressure.

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Part VI - Explanation Of How Organization Furthers Its Exempt Purpose

The hospital's Board of Directors is composed of physicians, senior officers and community representatives. The primary focus of the Hospital Boards is on quality and performance improvement, including oversight of physician credentialing decisions. West Suburban Medical Center has an open medical staff and extends privileges to qualified physicians in the community.

As a not-for-profit organization, Resurrection Health Care applies surplus funds to improvements in patient care, medical education and research. Hospitals in the system which have negative operating margins, are able to continue to benefit from such investment because they are part of a system.

New Services and Technologies and Capital Improvements:

-\$81.7 million invested in capital improvements planned between 2002 and 2009 including construction of a new Emergency Department and deferred maintenance investments.

-\$6 million allocated to West Suburban Medical Center between 2002 and 2009 for providing and upgrading health information technology systems to facilitate the delivery of safer, more efficient patient care.

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Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)

-?For almost 100 years West Suburban has been home to the West Suburban College of Nursing. The College is an upper division specialty nursing college with 250 nursing students. There are currently 650 former students employed in the City of Chicago.

Improving the Health of Our Community:

-Reach Out program annually helps over 500 uninsured individuals gain access to essential resources such as medical care, housing and employment.

-Monthly physician lectures and health screenings on various topics offered to more than 100 participants.

-Neighborhood Advisory Committee established to obtain community input from area residents regarding the construction of a new Emergency Department.

-Community leaders participate on the West Suburban Neighborhood Community Relations Committee to create a community-wide partnership to improve our community's health.

Part VI - Affiliated Health Care System Roles and Promotion

A single governance structure for the system includes board members from the community, physicians, senior officers and external business and health care executives with an interest in serving Resurrection Health Care's communities.

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Part VI - Affiliated Health Care System Roles and Promotion (continued)

All Resurrection Health Care facilities have robust community relations and patient and family focused care initiatives. While each community is different, similar methods of community engagement are employed at each hospital.

The Resurrection Development Foundation is an Illinois not-for-profit corporation organized to solicit, receive and account for charitable contributions that benefit all Resurrection Health Care entities. The mission of the Foundation is to build relationships and develop partnerships across Chicago to enhance Catholic-sponsored health care services to all who need them.

Part VI - States Where Community Benefit Report Filed

IL

Part V - Explanation of Number of Facility Type

West Suburban Medical Center does not have any organizations that are not licensed.

Additional Information

The State of Illinois, Office of the Attorney General. In Illinois, the Attorney General requires that we report charity care based on the cost-to-charge ratio of the Medicare Cost Report and gives the option of reporting bad debt as cost or charges.

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

Additional Information (continued)**Needs Assessment (continued)**

9. The Heartland Alliance is an independent, non-sectarian, non-profit organization serving more than 200,000 people annually. The 2010 Report on Illinois Poverty contains poverty data from 2008 and therefore do not fully capture the effects of the recession.

10. Illinois Department of Public Health (IDPH) publishes The Illinois Project for Local Assessment of Needs (IPLAN), a community health assessment and planning process and online tool that is conducted every five years (2006 is most current data) by local health jurisdictions in Illinois.

Internal Sources for Assessing Community Needs

1. Resurrection Health Care's Strategic Planning Process, includes comprehensive assessments of service area demographics, identified needs, health care trends, market share, financial outcomes, capital needs, and other factors.

2. RES-INFO is a widely utilized Resurrection Health Care telephone service/contact center that provides nurse advice, physician referrals, health information and health care class registrations to callers. Staffed by clinicians and other professionals, community members access RES-INFO by utilizing a toll-free number and the RHC Website. Summary reports indicate the types of health care providers callers

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 5, 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

Additional Information (continued)

seek, the symptoms they need assistance with, the health information they are seeking, and the health classes and seminars they would like to take.

3. The Resurrection Health Care Website (www.reshealth.org) provides an online health information library as well as information related to the full continuum of available health care services, the Resurrection financial assistance program, educational programs and screenings, an online physician search and online job application system, to name a few of the available topics. A parallel version of the site is also available in Spanish. Regular review of site usage statistics provides useful information about the health concerns of website visitors.

4. Resurrection Health Care clinical educators, health educators and physicians supply significant empirical research on the needs of the community. Resurrection Health Care operates several clinics in and around each hospital. Clinical and professional staffs also obtain patient data through health education, health screenings, health fairs and other clinical encounters.

SCHEDULE J
(Form 990)

Compensation Information

OMB No 1545-0047

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

2010

▶ **Complete if the organization answered 'Yes' to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

Cana West Ministry Services

36-2182170

Part I Questions Regarding Compensation

1 a 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"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain

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?

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"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <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?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III. **Part III**

Only section 501(c)(3) and 501(c)(4) organizations 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?

b Any related organization?

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?

b Any related organization?

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. **Part III**

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 Regulations section 53.4958-4(a)(3)? If 'Yes,' describe in Part III

9 If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1 b		
2		
4 a	X	
4 b		X
4 c		X
5 a		X
5 b		X
6 a		X
6 b		X
7	X	
8		X
9		

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2010

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 and incentive compensation	(iii) Other reportable compensation				
1 Sandra Bruce	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 903,163.	0.	0.	0.	12,250.	18,678.	934,091.	0.
M Patricia She	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 256,430.	0.	0.	0.	51,525.	7,964.	315,919.	0.
3 Nicola Byrne	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 225,462.	0.	0.	0.	26,915.	0.	252,377.	0.
John A Orsini,	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 298,683.	0.	28,875.	0.	43,795.	12,794.	384,147.	0.
James Sykes	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 224,381.	0.	0.	0.	24,840.	6,161.	255,382.	0.
Jeannie C. Fre	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 402,087.	0.	0.	37,503.	51,490.	30,357.	521,437.	37,503.
David DiLoreto	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 444,965.	0.	88,270.	0.	48,712.	39,853.	621,800.	0.
Margaret McDer	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 451,299.	0.	0.	178,699.	66,152.	12,591.	708,741.	178,699.
Angelique Rich	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 193,149.	0.	0.	9,468.	23,146.	13,592.	239,355.	9,468.
Starr Novak	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 328,278.	0.	0.	32,529.	46,497.	21,782.	429,086.	32,529.
Joan Ormsby	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 147,071.	0.	0.	0.	20,661.	0.	167,732.	0.
Isoken Koko	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 256,277.	0.	0.	0.	19,168.	11,311.	286,756.	0.
Scott A. Levin	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 145,433.	0.	6,039.	0.	12,190.	11,358.	175,020.	0.
Max L. Harris	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 148,124.	0.	0.	0.	11,812.	0.	159,936.	0.
Kenneth Blair	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 139,245.	0.	6,039.	0.	11,931.	7,964.	165,179.	0.
Daniel Torres	(i) 0.	0.	0.	0.	0.	0.	0.
(ii) 145,860.	0.	0.	0.	10,800.	3,738.	160,398.	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.

Part I, Line 4 - Received Severance, Supplemental NO Retirement, Equity-Based Compensation

Tom Capobianco, Treasurer/CEO, terminated employment in May, 2010 and received severance payments totaling \$352,953 in CY 2010.

Ronald Struxness, Group Executive Vice President, terminated employment in June, 2010 and received severance payments totaling \$304,616 in CY 2010.

Jay Kreuzer, CEO/Executive Vice President terminated employment in January, 2009 and received severance payments totaling \$400,764 in CY 2010.

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.

Part I, Line 7 - Non-Fixed Payments Not Listed

Incentive payments were made to the following physicians:

Dr. Scott Levin

Dr. Kenneth Blair

Payments made as directed by the written employment agreement. The payments are paid if the physicians perform additional duties (on-call coverage, weekend coverage, etc.); meet certain productivity goals; or achieve other operating goals as defined in the contract.

A bonus payment was made to the following officer:

John Orsini

Dr. David DiLoretto

Payments made as directed by the written employment agreement.

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.

Part III - Additional Information

Resurrection Health Care Corporation's (RHCC) Compensation and Benefits Committee

compensation established the compensation methodology used to determine key

executive compensation and monitors the compensation for compliance including

approving the compensation for all members of the affiliated group including West

Suburban Medical Center/Cana West Ministry Services. The CEO of

West Suburban Medical Center/Cana West Ministry Services is paid by Resurrection

Medical Center and her salary is including in this review. To assure that RHCC and

its affiliates complies with Intermediate Sanctions guidelines on reasonable

compensation, the RHCC Compensation and Benefits Committee monitors executive total

compensation by approving all components fo executive total compensation,

positioning RHCC executive total compensation competitively and appropriately,

annually reviewing and approving compensation changes for each executive, and

reporting activities regularly to the Resurrection Health Care Board.

Part I Liquidation, Termination, or Dissolution (continued)

Note. If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B) should equal -0-

- 3 Did the organization distribute its assets in accordance with its governing instrument(s)? If 'No,' describe in Part III
- 4a Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate?
- b If 'Yes,' did the organization provide such notice?
- 5 Did the organization discharge or pay all liabilities in accordance with state laws?
- 6a Did the organization have any tax-exempt bonds outstanding during the year?
- b Did the organization discharge or defease tax-exempt bond liabilities in accordance with the Internal Revenue Code and state laws?
- c If 'Yes,' describe in Part III how the organization defeased or otherwise settled these liabilities. If 'No,' explain in Part III

	Yes	No
3		
4a		
4b		
5		
6a		
6b		

Part II Sale, Exchange, Disposition, or Other Transfer of More than 25% of the Organization's Assets. Complete this part if the organization answered 'Yes' to Form 990, Part IV, line 32, or Form 990-EZ, line 36. Part II can be duplicated if additional space is needed.

1	(a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity
	Cash	8/01/10	5,982.	Cash	27-2071328	VHS West Suburban Med Ctr Inc 20 Burton Hills Blvd. Nashville, TN 37215	C corp
	Investments	8/01/10	8,666,046.	Market	27-2071328	VHS West Suburban Med Ctr Inc 20 Burton Hills Blvd. Nashville, TN 37215	C corp
	Inventory	8/01/10	1,945,046.	Appraisal	27-2071328	VHS West Suburban Med Ctr Inc 20 Burton Hills Blvd. Nashville, TN 37215	C corp
	Furniture & Fixtures	8/01/10	21,055,130.	Appraisal	27-2071328	VHS West Suburban Med Ctr Inc 20 Burton Hills Blvd. Nashville, TN 37215	C corp

	Yes	No
2a		X
2b	X	
2c		X
2d		X

- 2 Did or will any officer, director, trustee, or key employee of the organization
 - a Become a director or trustee of a successor or transferee organization?
 - b Become an employee of, or independent contractor for, a successor or transferee organization?
 - c Become a direct or indirect owner of a successor or transferee organization?
 - d Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets?
 - e If the organization answered 'Yes' to any of the questions in this line, provide the name of the person involved and explain in Part III ▶ See Part III

Part III **Supplemental Information.** Complete to provide the information required by Part I, lines 2e and 6c, and Part II, line 2e. Also complete this part to provide any additional information.

Part II, Line 2e - Name and Explanation for Involvement in Sucessor

Part II, Question 2B Supplemental Information:

The workforce in place was transferred as part of the sale. Many of the employees of Cana West Ministry Services (CWMS) will become employees of the new organization. Some of these employees may have been key employees of (CWMS). There were no specific contracts or agreements regarding any specific employees.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization

Cana West Ministry Services

Employer identification number

36-2182170

Form 990 Part I Question 5 & Part V 1-2

Compensation and Form W-3 Transmittal of Wages and Tax Statement

Cana West Ministry Services (CWMS) reports 0 employees on Form 990 question 5 and Form 990 Part V question 2a as it is not required to file Form W-3, Transmittal of Wages and Tax Statement. As discussed in the note regarding common paymaster below, CWMS's compensation is paid by Resurrection Medical Center (RMC) and transferred to CWMS. The compensation amounts reported in this 990 reflect the amount transferred to CWMS from RMC.

All Compensation presented is for the period January 1, 2010 to December 31, 2010.

Form 990, Part VII, Section A & B

Resurrection Medical Center (RMC) FEIN 36-3330926 acts as the agent / common paymaster for West Suburban Medical Center (WSMC)/Cana West Ministry Services (CWMS). Cash is swept from WSMC/CWMS on a daily basis to RMC and RMC issues all payroll and accounts payable checks on behalf of and as agent for WSMC/CMWS and the appropriate accounting entries are recorded.

Form 990, Part VI, Line 11b - Form 990 Review Process

A copy of the finalized for will be made available to the Cana West Ministry Services Board of Directors before filing

Form 990, Part III, Line 1 - Organization Mission

Resurrection Health Care exists to witness God's sustaining love through compassionate, family-centered care. Motivated by a reverence for life and respect for those we serve, we are committed to improving the health and well-being of our community.

Name of the organization

Employer identification number

Cana West Ministry Services

36-2182170

Form 990, Part III, Line 3 - Ceased Conducting or Significant Changes To Services

West Suburban Medical Center/Cana West Ministry Services was sold to VHS West Suburban Medical Center, Inc 8/1/2010.

Form 990, Part VI, Line 6 - Explanation of Classes of Members or Shareholder

The Corporation has one member, Resurrection Health Care Corporation.

Form 990, Part VI, Line 7a - How Members or Shareholders Elect Governing Body

The sole member, Resurrection Health Care Corporation, elects members of the governing body.

Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders

Resurrection Health Care Corporation, through its Board of Directors, has certain reserve powers with respect to appointment and removal of directors, appointment of certain officers, approval of amendments to governing documents, approval of financial matters, and approval of significant transactions including, but not limited to, merger, dissolution, disposition of assets other than in the ordinary course of business and creation of subsidiaries.

Form 990, Part VI, Line 11b - Form 990 Review Process

The returns were prepared by the Resurrection accounting staff with assistance by the community benefit, payroll, human resources, and legal departments after which point the returns were reviewed by the Business Unit Chief Financial Officer. Any unusual items were discussed with outside advisors.

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts

The compliance department coordinates an annual conflict of interest survey to determine the compliance with the conflict of interest policy and takes the required actions based on the survey results including reporting to the audit and compliance committee.

Name of the organization

Cana West Ministry Services

Employer identification number

36-2182170

Form 990, Part VI, Line 15a - Compensation Review & Approval Process for CEO, Exec. Dir., or Top Mgtment

See explanation for Part VI Line 15b.

Form 990, Part VI, Line 15b - Compensation Review & Approval Process for Officers & Key Employees

Compensation at Resurrection Health Care Corporation (RHCC) and its affiliates is based upon a Board of Directors approved strategy that guides the corporations in establishing total compensation opportunities for the organization's executives. The overall purposes of the RHCC total compensation program are to enable the organization to recruit, motivate, reward, recognize, and retain highly talented executives with the skills required to align performance measures with RHCC's Mission, Vision, and strategic initiatives, and to achieve outstanding results on a continuous basis. To ensure RHC attracts and retains high quality executives with the appropriate skills, the organization uses external labor market data to validate its base salaries and total cash compensation opportunities. The marketplace in which RHCC assesses total compensation is both regional and national in scope and is primarily comprised of comparable healthcare systems and hospitals. To assure that RHCC complies with Intermediate Sanctions guidelines on reasonable compensation, the Board's Compensation and Benefits Committee closely monitors executive total compensation by approving all components of executive total compensation, positioning RHCC executive total compensation competitively and appropriately, annually reviewing and approving compensation changes for each executive, and reporting its activities regularly to the Board.

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

Cana West Ministry Services' articles of incorporation are on file with the State of Illinois. Resurrection Health Care Corporation and Affiliates audited financial statements are available from the national dissemination agent as required by our bond documents. Conflicts of interest policies are not made available to the public.

Name of the organization

Employer identification number

Cana West Ministry Services

36-2182170

Form 990, Part VII - Compensation Explanation

The following individuals are employees of Resurrection Medical Center and generally work 40 hours per week. Approximately 1 hour of their regular work week is devoted to West Suburban Medical Center/Cana West Ministry Services:

Sandra Bruce, John Walton, Nicola Byrne, John Orsini, James Sykes, Jeannie C. Frey, Margaret McDermott, Starr Novak, Angelique Richard, David Diloretto.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

Can West Ministry Services

Employer identification number

36-2182170

OMB No. 1545-0047

2010

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.

Open to Public Inspection

Part I Identification of Disregarded Entities (Complete if the organization answered 'Yes' to 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
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered 'Yes' to 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) Sec 512(b)(13) controlled entity?	
						Yes	No
(1) Resurrection Health Care Corporation 7435 West Talcott Avenue Chicago, IL 60631	parent corp & senior living	IL	501(c)(3)	3	n/a		X
(2) Resurrection Medical Center 7435 West Talcott Avenue Chicago, IL 60631	health care	IL	501(c)(3)	3	Resurrection Health Care Corporation		X
(3) Our Lady of the Resurrection Medic 5645 West Addison Street Chicago, IL 60634	health care	IL	501(c)(3)	3	Resurrection Health Care Corporation		X
(4) -----							
(5) -----							
(6) -----							
(7) -----							

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered 'Yes' to 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) Disproportionate 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) RESHealth Sleep Park, 665 W North Lombard, IL 6014 26-1519667	med svces	IL	N/A		0.	0.		X	N/A			X
(2) RESHealth Sleep Northwest, 665 W Lombard, IL 6014 26-1519627	med svces	IL	N/A		0.	0.		X	N/A			X
(3) RESHealth Sleep 665 W North Aven Lombard, IL 6014 26-1519556	med svces	IL	N/A		0.	0.		X	N/A			X

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered 'Yes' to 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) L. Gilbraith Insurance SPC Ltd. 68 West Bay Road P.O. Box 1109 Grand Cayman, Cayman Islands N/A	Insurance	Cayman Isl	N/A	Foreign	0.	0.	0.
(2) Resurrection Health Preferred 100 N. River Road Des Plaines, IL 60016 36-3974620	Mgd. Care Contracting	IL	N/A	c corp	0.	0.	0.
(3) -----							

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

Note		Yes	No
1 Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
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		X
b	Gift, grant, or capital contribution to other organization(s)		X
c	Gift, grant, or capital contribution from other organization(s)	X	
d	Loans or loan guarantees to or for other organization(s)		X
e	Loans or loan guarantees by other organization(s)		X
f	Sale of assets to other organization(s)		X
g	Purchase of assets from other organization(s)		X
h	Exchange of assets		X
i	Lease of facilities, equipment, or other assets to other organization(s)		X
j	Lease of facilities, equipment, or other assets from other organization(s)		X
k	Performance of services or membership or fundraising solicitations for other organization(s)		X
l	Performance of services or membership or fundraising solicitations by other organization(s)		X
m	Sharing of facilities, equipment, mailing lists, or other assets		X
n	Sharing of paid employees		X
o	Reimbursement paid to other organization for expenses		X
p	Reimbursement paid by other organization for expenses		X
q	Other transfer of cash or property to other organization(s)		X
r	Other transfer of cash or property from other organization(s)		X

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		(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Resurrection Medical Center		o	6,422,284.	
(2) Resurrection Development Foundation		c	32,996.	
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V-UBI amount in box 20 of Schedule K-1 Form (1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No
(1) ----- ----- -----										
(2) ----- ----- -----										
(3) ----- ----- -----										
(4) ----- ----- -----										
(5) ----- ----- -----										
(6) ----- ----- -----										
(7) ----- ----- -----										
(8) ----- ----- -----										

Part II Continuation of Identification of Related Tax-Exempt Organizations

(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) Sec 512(b)(13) controlled entity?	
						Yes	No
Saint Francis Hospital 355 Ridge Avenue Evanston, IL 60202 36-2167800	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Saints Mary and Elizabeth Medical Ct 2233 West Division Street Chicago, IL 60622 36-2171079	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Holy Family Medical Center 100 N. River Road Des Plaines, IL 60016 36-3495969	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Holy Family Health Care System, Inc. 100 N. River Road Des Plaines, IL 60016 36-2439318	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Saint Joseph Hospital 2900 North Lake Shore Drive Chicago, IL 60657 36-3200170	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Resurrection Ambulatory Care Service 7435 West Talcott Avenue Chicago, IL 60631 36-4286236	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Resurrection Senior Services 7435 West Talcott Avenue Chicago, IL 60631 23-7061646	senior living	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X
Resurrection Services 7447 West Talcott Avenue Chicago, IL 60631 36-3330928	health care	IL	501 (c) (3)	3	Resurrection Health Care Corporation		X

Part II Continuation of Identification of Related Tax-Exempt Organizations

(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) Sec 512(b)(13) controlled entity?	
						Yes	No
<u>Proviso Family Services d/b/a Resurr</u> <u>1820 South 25th Avenue</u> <u>Broadview, IL 60155</u> <u>36-2709982</u>	<u>health care</u>	<u>IL</u>	<u>501 (C) (3)</u>	<u>3</u>	<u>Resurrection Health Care Corporation</u>		<u>X</u>
<u>Resurrection Home Health Services</u> <u>5747 West Dempster</u> <u>Morton Grove, IL 60053</u> <u>36-2893936</u>	<u>home care</u>	<u>IL</u>	<u>501 (c) (3)</u>	<u>3</u>	<u>Resurrection Health Care Corporation</u>		<u>X</u>
<u>Resurrection Development Foundation</u> <u>150 N. River Road</u> <u>Des Plaines, IL 60016</u> <u>36-3330929</u>	<u>fundraising</u>	<u>IL</u>	<u>501 (c) (3)</u>	<u>7</u>	<u>Resurrection Health Care Corporation</u>		<u>X</u>
<u>Resurrection Ministries of New York</u> <u>90 N. Main Street</u> <u>Castleton, NY 12033</u> <u>14-1720818</u>	<u>senior living</u>	<u>NY</u>	<u>501 (c) (3)</u>	<u>3</u>	<u>Resurrection Health Care Corporation</u>		<u>X</u>
<u>Cana Lakes Health Care</u> <u>7435 W Talcott Ave</u> <u>Chicago, IL 60631</u> <u>36-1649520</u>	<u>health care</u>	<u>IL</u>	<u>501 (c) (3)</u>	<u>3</u>	<u>Resurrection Health Care Corporation</u>		<u>X</u>
<u>Resurrection Nursing Home</u> <u>90 N Main Street</u> <u>Castleton, NY 12033</u> <u>14-1348691</u>	<u>Senior Living</u>	<u>NY</u>	<u>501(c) (3)</u>	<u>3</u>	<u>resurrection Ministries of New York</u>		<u>X</u>
<u>Mount Loretto Nursing Home Inc</u> <u>302 Swart Hill Rd</u> <u>Amsterdam, NY 12010</u> <u>14-1363014</u>	<u>Senior Living</u>	<u>NY</u>	<u>501(c) (3)</u>	<u>3</u>	<u>Resurrection Ministries of New York</u>		<u>X</u>

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidated Financial Statements and Schedules

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Resurrection Health Care Corporation:

We have audited the accompanying consolidated statements of financial position of Resurrection Health Care Corporation and Affiliates as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Resurrection Health Care Corporation's management. Our responsibility is to express an opinion on these consolidated 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. Our audits included 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 Resurrection Health Care Corporation and Affiliates' 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Resurrection Health Care Corporation and Affiliates as of June 30, 2011 and 2010, and the results of their operations, changes in net assets, and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in schedules 1 and 2 is presented for purposes of additional analysis of the 2011 consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2011 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 consolidated financial statements taken as a whole.

KPMG LLP

November 18, 2011

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RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidated Statements of Financial Position

June 30, 2011 and 2010

(In thousands)

Assets	2011	2010
Current assets:		
Cash and cash equivalents	\$ 15,203	63,091
Assets whose use is limited or restricted – required for current liabilities	18,910	256,030
Patient and resident accounts receivable, net of allowance for uncollectible accounts of \$97,848 in 2011 and \$88,655 in 2010	145,662	141,464
Other receivables	17,290	10,900
Inventory of supplies	16,494	14,840
Prepaid expenses and other current assets	22,401	26,940
Assets held for sale	5,005	72,671
Total current assets	<u>240,965</u>	<u>585,936</u>
Assets whose use is limited or restricted:		
By boards for reinvestment and self-insurance	807,406	481,843
Under bond indenture agreements – held by trustee	31,793	22,813
By donors – permanently restricted	14,024	13,186
	<u>853,223</u>	<u>517,842</u>
Land, buildings, and equipment, net	705,435	689,962
Deferred finance charges, net	9,423	9,934
Other assets	27,659	20,778
Total assets	<u>\$ 1,836,705</u>	<u>1,824,452</u>

See accompanying notes to consolidated financial statements

Liabilities and Net Assets	<u>2011</u>	<u>2010</u>
Current liabilities:		
Current installments of long-term debt	\$ 18,910	257,411
Accounts payable and accrued expenses	91,651	82,943
Accrued payroll and fringe benefits	64,809	59,050
Estimated payables under third-party reimbursement programs	90,324	108,886
Deferred revenue and refundable deposits	37,458	39,409
Liabilities held for sale	<u>3,500</u>	<u>17,438</u>
Total current liabilities	306,652	565,137
Long-term debt, excluding current installments and unamortized bond premiums and discounts	546,911	339,078
Accrued pension liability	160,723	271,941
Estimated self-insured professional and general liability claims	223,349	246,405
Asset retirement obligation	<u>9,482</u>	<u>10,643</u>
Total liabilities	<u>1,247,117</u>	<u>1,433,204</u>
Net assets:		
Unrestricted	562,292	364,812
Temporarily restricted	13,272	13,250
Permanently restricted	<u>14,024</u>	<u>13,186</u>
Total net assets	<u>589,588</u>	<u>391,248</u>
Total liabilities and net assets	<u>\$ 1,836,705</u>	<u>1,824,452</u>

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidated Statements of Operations

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Revenue:		
Net service revenue	\$ 1,303,334	1,303,802
Other revenue	116,934	101,820
Total revenue	<u>1,420,268</u>	<u>1,405,622</u>
Expenses		
Salaries and wages	522,552	513,636
Payroll taxes and fringe benefits	141,264	162,636
Physicians' fees	75,749	66,836
Supplies	189,026	196,555
Other	147,859	128,350
Purchased services	69,779	66,806
Insurance	10,856	23,104
Depreciation and amortization	77,067	71,839
Provision for uncollectible accounts receivable	93,633	98,934
Interest	20,747	16,656
Assessments and taxes	53,914	54,024
Total expenses	<u>1,402,446</u>	<u>1,399,376</u>
Income from operations	17,822	6,246
Nonoperating gains (losses):		
Investment income and other, net	80,779	95,414
Loss on early extinguishment of long-term debt	—	(1,022)
Net nonoperating gains	<u>80,779</u>	<u>94,392</u>
Revenue and gains in excess of expenses and losses before discontinued operations	98,601	100,638
Losses from discontinued operations (including losses on sale of \$4,827 and \$81,865 in 2011 and 2010, respectively)	<u>(8,164)</u>	<u>(109,332)</u>
Revenue and gains in excess (deficient) of expenses and losses	90,437	(8,694)
Other changes in unrestricted net assets:		
Net assets released from restrictions for purchase of land, buildings, and equipment	1,584	2,956
Recognition of change in pension funded status	105,459	(46,382)
Increase (decrease) in unrestricted net assets	<u>\$ 197,480</u>	<u>(52,120)</u>

See accompanying notes to consolidated financial statements

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Revenue and gains in excess (deficient) of expenses and losses	\$ 90,437	(8,694)
Net assets released from restrictions for purchase of land, buildings, and equipment	1,584	2,956
Recognition of change in pension funded status	<u>105,459</u>	<u>(46,382)</u>
Increase (decrease) in unrestricted net assets	<u>197,480</u>	<u>(52,120)</u>
Temporarily restricted net assets:		
Pledges and contributions	2,986	4,054
Investment return	710	604
Reclassification of net assets based on donor intent	(361)	1,300
Net assets released from restrictions for purchase of land, building, and equipment	(1,584)	(2,956)
Net assets released from restrictions for operations	<u>(1,729)</u>	<u>(2,508)</u>
Increase in temporarily restricted net assets	<u>22</u>	<u>494</u>
Permanently restricted net assets:		
Reclassification of net assets based on donor intent	361	(1,300)
Contributions	<u>477</u>	<u>167</u>
Increase (decrease) in permanently restricted net assets	<u>838</u>	<u>(1,133)</u>
Change in net assets	198,340	(52,759)
Net assets at beginning of year	<u>391,248</u>	<u>444,007</u>
Net assets at end of year	<u>\$ 589,588</u>	<u>391,248</u>

See accompanying notes to consolidated financial statements

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 198,340	(52,759)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Losses from discontinued operations	8,164	109,332
Depreciation and amortization	77,067	71,839
Provision for uncollectible accounts receivable	93,633	98,934
Loss on early extinguishment of long-term debt	—	1,022
Equity loss (gain) in joint ventures, net of cash distributions received	(624)	1,127
Amortization of deferred occupancy and care revenue	(280)	(200)
Recognition of change in pension funded status	(105,459)	46,382
Change in net unrealized gains and losses on trading securities	(45,999)	(65,829)
Net realized loss (gain) on sale of investments	(6,613)	3,711
Permanently restricted contributions	(477)	(167)
Changes in assets and liabilities, net of effects from acquisition		
Patient and resident accounts receivable	(97,831)	(75,312)
Other receivables, inventory of supplies, prepaid expenses, and other current assets	(3,505)	1,972
Accounts payable and accrued expenses and other liabilities	13,306	(667)
Estimated payables under third-party reimbursement programs, net	(18,562)	13,054
Accrued pension liability	(5,759)	(20,114)
Estimated self-insured professional and general liability claims	(23,056)	(5,266)
Net cash provided by operating activities	<u>82,345</u>	<u>127,059</u>
Net cash used in discontinued operating activities	<u>(10,819)</u>	<u>(25,478)</u>
Cash flows from investing activities, net of effects from business acquisition		
Business acquisitions	(22,000)	—
Proceeds from sale of businesses	51,548	—
Acquisition of land, buildings, and equipment, net	(79,393)	(50,863)
Gross purchases of securities	(621,724)	(679,689)
Gross sales or maturities of securities	576,075	688,921
Net change in other assets	3,107	(4,183)
Net cash used in investing activities	<u>(92,387)</u>	<u>(45,814)</u>
Net cash provided by (used in) discontinued investing activities	<u>4,944</u>	<u>(7,128)</u>
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	—	103,805
Repayments of long-term debt	(30,668)	(147,179)
Payments for deferred financing fees	—	(1,303)
Net refunds of entrance fees and membership deposits	(1,671)	(2,490)
Permanently restricted contributions	477	167
Net cash used in financing activities	<u>(31,862)</u>	<u>(47,000)</u>
Net cash provided by (used in) discontinued financing activities	<u>(109)</u>	<u>20,042</u>
Net increase (decrease) in cash and cash equivalents	<u>(47,888)</u>	<u>21,681</u>
Cash and cash equivalents at beginning of year	<u>63,091</u>	<u>41,410</u>
Cash and cash equivalents at end of year	\$ <u>15,203</u>	\$ <u>63,091</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amounts capitalized	\$ 21,919	17,229

See accompanying notes to consolidated financial statements

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(1) Organization and Operations

Resurrection Health Care Corporation (RHC), a not-for-profit tax-exempt corporation, was incorporated for charitable, educational, and scientific purposes to support health and human services by providing management assistance and in all other relevant ways. The accompanying consolidated financial statements include the accounts of RHC and the following affiliates (collectively, RHC and Affiliates) for which it serves as the parent corporation through ownership, sole member powers, the authority to approve Board membership, or the holding of certain reserve powers:

- Resurrection Medical Center (RMC), a not-for-profit acute care hospital providing various inpatient and outpatient services and programs
- Saint Francis Hospital (SFH), a not-for-profit acute care hospital providing various inpatient and outpatient services and programs
- Our Lady of the Resurrection Medical Center (OLR), a not-for-profit acute care hospital providing various inpatient and outpatient services and programs
- Westlake Hospital (WH), a not-for-profit acute care hospital providing various inpatient and outpatient services and programs. Effective August 1, 2010, RHC sold substantially all of the assets and certain liabilities of and associated with WH (note 9).
- Saints Mary and Elizabeth Medical Center (SMEMC), not-for-profit acute care facilities providing various inpatient and outpatient services and programs
- Holy Family Medical Center (HFMC), a not-for-profit long-term acute care hospital providing various services and programs to patients in between acute care and skilled nursing
- Saint Joseph Hospital (SJH), a not-for-profit acute care hospital providing various inpatient and outpatient services and programs
- West Suburban Medical Center (WSMC), a not-for-profit acute care hospital providing various inpatient and outpatient services and programs. Effective August 1, 2010, RHC sold substantially all of the assets and certain liabilities of and associated with WSMC (note 9).
- Resurrection Senior Services (Senior Services), which provides various independent living and nursing services and programs, and which encompasses the following: Resurrection Nursing and Rehabilitation Center (RNRC), Resurrection Retirement Community (RRC), Resurrection Life Center (RLC), St Francis Nursing and Rehabilitation Center (SFNR), Bethlehem Woods Retirement Community (BWRC), Casa San Carlo Retirement Community (CSCRC), St Benedict Nursing and Rehabilitation Center (SBNRC), Villa Scalabrin Nursing and Rehabilitation Center (VSNRC), Maryhaven Nursing and Rehabilitation Center (MNRC), St Andrew Life Center (SALC), Holy Family Nursing and Rehabilitation Center (HFNRC), Resurrection Nursing Home (RNH), Mt Loretto Nursing Home (MLNH), and Ballard Nursing Center (Ballard) effective May 31, 2011 (note 8) Effective July 1, 2010, Senior Services sold substantially all of the assets of and associated with SFNR (note 9).

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

- Resurrection Services (Services), which encompasses the following corporations and/or operating divisions: Resurrection Ambulatory Care Services (RACS), Resurrection Properties (RP), Resurrection Pharmacies, and Resurrection Medical Network
- Resurrection Behavioral Health (RBH), a not-for-profit corporation established to provide behavioral health services
- Resurrection Home Health Services (Home Care), a not-for-profit corporation established to provide home care services. Home Care also includes RHC's membership interest in Rainbow Hospice
- Resurrection Development Foundation (Foundation), a not-for-profit corporation established to coordinate fund-raising activities that support the benevolent care and other programs at RHC and Affiliates
- Resurrection Health Care Preferred (RHCP), a systemwide managed care contracting organization that engages physicians in capitated risk contracts. Under these arrangements, RHCP receives capitation payments based on the demographic characteristics of covered members in exchange for providing all primary care physician services, as well as certain outpatient diagnostic and specialist physician services. Additionally, RHCP is eligible for incentive payments based on favorable utilization experience. Capitation revenue related to risk-based contracts totaled approximately \$30,452 and \$32,167 for 2011 and 2010, respectively, and is included with other revenue in the accompanying consolidated statements of operations. Pursuant to risk-based contracts, RHCP estimates its liability for covered medical claims, including claims incurred but not reported as of the consolidated statements of financial position dates, based upon historical costs incurred and payment processing experience. This liability approximated \$3,950 and \$4,810 at June 30, 2011 and 2010, respectively, and is included with accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

The above listed entities are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (Code) and, with the exception of RHCP, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

(2) Summary of Significant Accounting Policies

Significant accounting policies of RHC and Affiliates are as follows:

- The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with maturities of three months or less, excluding amounts classified as assets whose use is limited or restricted.
- Inventory of supplies is stated at lower of cost (first-in, first-out method) or market.

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

- In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amends Accounting Standards Codification (ASC) Subtopic 820-10, *Fair Value Measurements and Disclosures*, to provide additional disclosure requirements for transfers into and out of Levels 1 and 2 and for activity in Level 3 and to clarify other existing disclosure requirements. RHC implemented ASU 2010-06 for the year ended June 30, 2011.

ASC Subtopic 820-10 defines fair value as 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. ASC Subtopic 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value (note 7).

- Assets whose use is limited or restricted include: assets set aside by the boards of directors for debt repayment, reinvestment, and self-insurance purposes, over which the boards retain control and may at their discretion use for other purposes; assets held by a trustee under bond indenture agreements; and funds restricted by donors.
- Except as otherwise noted, the carrying value of all financial instruments approximates their fair values.
- Land, buildings, and equipment are stated at cost, or if donated, at fair value at date of donation, net of allowances for depreciation and impairments. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.
- Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. RHC and Affiliates do not believe that there are any factors or circumstances indicating impairment of its land, buildings, and equipment as of June 30, 2011 and 2010.
- In January 2010, the FASB issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions* (ASU 2010-07). ASU 2010-07 provides guidance on a transaction or other event in which a not-for-profit entity that is a reporting entity combines with one or more other not-for-profit businesses, or nonprofit activities in a transaction that meets the definition of a merger of not-for-profit entities or an acquisition by a not-for-profit entity. RHC and Affiliates adopted ASU 2010-07 effective July 1, 2010.

Goodwill, which represents the excess of purchase price over identified net assets acquired, principally relates to the acquisition of a skilled nursing facility in 2011 (note 8). Goodwill is to be reviewed for impairment at least annually. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

RHC performed its annual goodwill impairment test as of June 30, 2011 and did not identify any impairment issues. The fair value of the reporting unit is in excess of its carrying value

- Intangible assets acquired are initially recognized and measured at cost. The cost of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their fair values. Intangible assets with finite useful lives are amortized over their estimated useful lives on a straight-line basis.
- Deferred finance charges, bond discount, and bond premium are amortized on the straight-line basis over the periods the related obligations are outstanding.
- Deferred revenue and refundable deposits represent various types of entrance and membership fees received from residents of senior living facilities. RRC resident membership deposits are fully refundable, net of applicable processing fees, to the resident upon termination of the lease agreement between RRC and the resident, with any interest earned on such deposits accruing to RRC. BWRC and CSCRC offer a variety of partially refundable entrance fees. These entrance payments are included with deferred revenue and refundable deposits in the accompanying consolidated statements of financial position. The nonrefundable portion of entrance fees is amortized to revenue using the straight-line method over the estimated remaining life expectancies of the residents. Total entrance payments subject to refund at June 30, 2011 and 2010 approximated \$36,868 and \$37,324, respectively.
- Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Contributions are reported as direct additions to temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.
- Temporarily restricted net assets are those assets whose use has been limited by donors to a specific time period or purpose. Temporarily restricted net assets principally represent amounts restricted for the purpose of acquiring long-lived assets or for specific operating purposes. During 2011 and 2010, certain donors clarified their intentions for previously recorded gifts. Such reclassified amounts are

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reported as reclassifications of net assets based on donor intent in the accompanying consolidated statements of operations and changes in net assets.

- Permanently restricted net assets represent donor-restricted contributions, the principal amount of which may not be expended. Amounts reported as permanently restricted net assets represent the cumulative amount of contributions received for permanent endowment. Investment return currently earned on permanently restricted investments is reported as either nonoperating investment income or a direct addition to temporarily restricted net assets based on donor intentions.

ASC Topic 958, *Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to An Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds*, provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization and requires additional disclosure about endowment funds. RHC and Affiliates follow the guidance of ASC Topic 958.

During 2009, the State of Illinois adopted UPMIFA, which establishes guidelines for the prudent spending and preservation of endowment funds through the establishment of a UPMIFA compliant endowment spending policy.

RHC and Affiliates classify as permanently restricted net assets the original value of gifts donated to the permanent endowment. Investment returns in excess of approved spending are classified within temporarily restricted net assets until appropriated for expenditure by RHC and Affiliates.

Endowment funds are commingled in a pooled investment portfolio administered by RHC (note 6). RHC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RHC targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints. Investment return is allocated to endowment fund assets on a basis proportional to its percentage of the investment portfolio. RHC endowment fund assets are maintained at a level equivalent to the balance of permanently restricted net assets.

- Net service revenue is reported at the estimated net realizable amounts from patients and residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Those adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.
- The consolidated statements of operations include revenue and gains in excess (deficient) of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of health and residential care services are reported as revenue and expenses. Transactions incidental to the provision of health and residential care services are reported as gains and losses. Changes in unrestricted net assets, which are excluded from revenue and gains in excess (deficient) of expenses and losses, consistent with industry practice, include contributions of long-lived assets.

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(including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets) and recognition of changes in pension funded status.

- RHC and Affiliates account for discontinued operations under ASC guidance surrounding accounting for the impairment or disposal of long-lived assets. The guidance requires that a component entity that has been disposed of or is classified as held-for-sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as discontinued operations. In the period that a component entity has been disposed of or is classified as held-for-sale, the results of operations for current and prior periods are reclassified to discontinued operations in the accompanying consolidated statements of operations.
- Investment income or loss (including realized gains and losses on investments, changes in unrealized gains and losses on trading securities, interest, and dividends) is included in revenue and gains in excess (deficient) of expenses and losses unless the income or loss is restricted by donors, in which case the investment income is recorded directly to temporarily restricted net assets. Investment returns of temporarily restricted investments are recorded directly to temporarily restricted net assets in accordance with donor intent.
- RHC and Affiliates recognize liabilities when a legal obligation exists to perform an asset retirement obligation (ARO) in which the timing or method of settlement are conditional on a future event that may or may not be under the control of the entity. An ARO liability is recorded at its net present value with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to depreciation expense. RHC and Affiliates are legally liable to remove asbestos from existing buildings prior to future remodeling or demolishing of the existing buildings. The estimated asbestos removal cost at June 30, 2011 and 2010 was \$9,482 and \$10,643, respectively.
- RHC and Affiliates recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. RHC and Affiliates do not have any liabilities for unrecognized tax benefits.
- RHC and Affiliates incur expenses for the provision of health and residential care services and related general and administrative activities.
- All significant intercompany balances and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.
- Certain 2010 amounts have been reclassified to conform to the 2011 consolidated financial statement presentation, including a reclassification of net realized losses on sale of investments in the 2010 consolidated statement of cash flows that increases operating activities and decreases investing activities by \$3,711.
- In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure* (ASU 2010-23). ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosures purposes and that cost can be identified as direct and indirect costs of providing charity

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care. The adoption of ASU 2010-23 will be effective for RHC and Affiliates beginning in fiscal year 2012

- In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24). ASU 2010-24 clarifies that healthcare entities should not net insurance recoveries against the related claim liability and that the claim liability amount should be determined without consideration of insurance recoveries. The adoption of ASU 2010-24 will be effective for RHC and Affiliates beginning in fiscal year 2012.
- In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). ASU 2011-07 requires that entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their consolidated statements of operations. All other entities would continue to present the provision for bad debts as an operating expense. In addition, there are enhanced disclosures about the entities policies for recognizing revenue and assessing bad debts. The ASU also requires disclosures of patient service revenue as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The adoption of ASU 2011-07 will be effective for RHC and Affiliates beginning in fiscal year 2013 with early adoption permitted.

(3) Third-Party Reimbursement Programs

RHC and Affiliates have agreements with third-party payors, which provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs principally represent the difference between the billings at list price and the amounts reimbursed by Blue Cross and certain other contracted third-party payors; the difference between the billings at list price and the allocated cost of services provided to Medicare and Medicaid patients; and any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. A summary of the reimbursement methodologies with major third-party payors follows:

(a) Medicare

RMC, OLR, SFH, WH, SMEMC, HFMC, SJH, and WSMC (collectively known as the Hospitals) and Senior Services are paid for inpatient acute care services, long-term care services, outpatient services, psychiatric services, rehabilitation services, and home health services rendered to Medicare program beneficiaries under prospective reimbursement rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. The Hospitals' classification of patients under the Medicare prospective payment systems and the appropriateness of the patients' admissions are subject to validation reviews.

For certain services and activities (medical education, Medicare bad debts, and indigent care) the Hospitals are reimbursed by Medicare based upon cost reimbursement methodologies. The Hospitals

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are reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by the Medicare fiscal intermediary. The Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through 2009 for HFMC and through 2007 for RMC, SFH, OLR, SMEMC, SJH, WH, and WSMC.

(b) Medicaid

Under the State of Illinois' (the State) Medicaid reimbursement system, the Hospitals are paid for inpatient acute care services rendered to Medicaid program beneficiaries under prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Senior Services are reimbursed based upon an all inclusive per-diem rate. SMEMC also receives incremental Medicaid reimbursement for specific Programs and services at the discretion of the State Medicaid program. Medicaid reimbursement methodologies and payment rates are subject to change based on the amount of funding available to the State Medicaid program and any such changes could have a significant effect on RHC and Affiliates' revenues.

The State has an assessment program to assist in the financing of its Medicaid program, which is in effect through June 30, 2013. Pursuant to this program, hospitals within the State are required to remit payment to the State of Illinois Medicaid program under an assessment formula approved by the Centers for Medicare & Medicaid Services (CMS). RHC and Affiliates have included their 2011 and 2010 related assessments of \$48,811 within assessments and taxes expense in the accompanying consolidated statements of operations. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas also approved by CMS. RHC and Affiliates have included their additional 2011 and 2010 related reimbursement of \$87,426 and \$80,705, respectively, within net service revenue in the accompanying consolidated statements of operations.

(c) Blue Cross

The Hospitals also participate as providers of health care services under reimbursement agreements with Blue Cross. The provisions of these agreements stipulate that services will be reimbursed at a tentative reimbursement rate and that final reimbursement for these services is determined after the submission of annual cost reports by the Hospitals and reviews thereof by Blue Cross. The Blue Cross traditional indemnity reimbursement reports for 2010 and prior years have been reviewed by Blue Cross. The Blue Cross HMOI, PPO, and MCNP reimbursement reports have been reviewed by Blue Cross through 2010 for RMC, SFH, WH, SMEMC, SJH, and HFMC.

(d) Other

The Hospitals have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

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A summary of gross and net service revenue for the years ended June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Service revenue:		
Nursing, dietary, and room service	\$ 1,044,253	984,031
Ancillary services	2,936,426	2,784,742
Long-term care services	159,702	130,960
Retirement communities	21,175	24,403
Ambulatory care services	58,859	10,905
Apothecary, durable medical equipment, home health services, and other	<u>26,040</u>	<u>28,404</u>
Gross service revenue	4,246,455	3,963,445
Less provisions for estimated contractual adjustments under third-party reimbursement programs and other discounts and allowances	<u>2,943,121</u>	<u>2,659,643</u>
Net service revenue	<u>\$ 1,303,334</u>	<u>1,303,802</u>

A summary of RHC and Affiliates' Medicare, Medicaid, managed care, self-pay, commercial, and other utilization percentages based upon gross service revenue follows:

	<u>2011</u>	<u>2010</u>
Medicare	45%	46%
Medicaid	20	19
Managed care	25	25
Self-pay, commercial, and other	10	10

Accruals for settlements with third-party payors are made based on estimates of amounts to be received or paid under the terms of the respective contracts and related settlement principles and regulations of the federal Medicare program, the Illinois Medicaid program, and the Blue Cross Plan of Illinois. Included in 2011 and 2010 as additions to net service revenue is \$11,263 and \$4,226, respectively, related to changes in prior year third-party revenue estimates.

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(4) Concentration of Credit Risk

RHC and Affiliates grant credit without collateral to their patients, most of who are local residents and are generally insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of June 30, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Medicare	35%	35%
Medicaid	19	17
Managed care	23	26
Self-pay	13	12
Commercial and other	10	10

(5) Charity Care

RHC and Affiliates provide necessary medical care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. Because RHC and Affiliates do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The following information presents the level of charity care provided during the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Charges forgone for non-Medicare and non-Medicaid patients, based on established rates	\$ 78,101	86,894

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(6) Investments

RHC and Affiliates report their investments at fair value and consider all investments to be trading securities. Investment securities are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position. A summary of the composition of the RHC and Affiliates' investment portfolios at June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 55,606	41,322
Common stocks and mutual funds	284,091	226,132
U.S. Treasury securities	106,961	88,081
Corporate and municipal bonds and notes	164,758	129,982
Mortgage-backed securities	230,014	249,348
Asset-backed securities	30,703	39,007
	<u>\$ 872,133</u>	<u>773,872</u>

Investments are reported in the accompanying consolidated statements of financial position at June 30 as follows:

	<u>2011</u>	<u>2010</u>
Assets whose use is limited or restricted – required for current liabilities	\$ 18,910	256,030
Assets whose use is limited or restricted, less amounts required for current liabilities		
By boards for reinvestment and self-insurance	807,406	481,843
Under bond indenture agreements – held by trustee	31,793	22,813
By donors – permanently restricted	14,024	13,186
	<u>\$ 872,133</u>	<u>773,872</u>

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The composition of investment return on the RHC and Affiliates' investment portfolio for the years ended June 30, 2011 and 2010 is as follows

	<u>2011</u>	<u>2010</u>
Interest and dividend income, net of fees and expenses	\$ 30,548	36,706
Net realized gains (losses) on sale of investments	6,613	(3,711)
Net change in unrealized gains and losses during the holding period	<u>45,999</u>	<u>65,829</u>
	<u>\$ 83,160</u>	<u>98,824</u>

Investment returns are included in the accompanying consolidated financial statements for the years ended June 30, 2011 and 2010 as follows

	<u>2011</u>	<u>2010</u>
Nonoperating gains – investment income and other, net	\$ 82,450	98,220
Temporarily restricted investment return	<u>710</u>	<u>604</u>
	<u>\$ 83,160</u>	<u>98,824</u>

(7) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by RHC and Affiliates in estimating the fair value of its financial instruments

- The carrying amount reported in the consolidated statements of financial position for the following approximates fair value because of the short maturities of these financial instruments: cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and estimated receivables and payables under third-party reimbursement programs.
- Assets whose use is limited or restricted: common stocks and mutual funds, and U.S. Treasury securities are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate and municipal bonds and notes and U.S. government agency securities are estimated based on observable market inputs as provided by national pricing services. The carrying value equals fair value.
- Fair value of fixed rate long-term debt is estimated based on market indications for the same or similar debt issues.

(b) Fair Value Hierarchy

ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted

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prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable market inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that RHC and Affiliates have the ability to access at the measurement date.
- Level 2 are observable market inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 inputs are unobservable market inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2011:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 70,809	70,809	—	—
Common stocks and mutual funds	284,091	284,091	—	—
U.S. Treasury securities	106,961	106,961	—	—
Corporate and municipal bonds and notes	164,758	—	164,758	—
Mortgage-backed securities	230,014	—	228,145	1,869
Asset-backed securities	30,703	—	30,703	—
Total	\$ <u>887,336</u>	<u>461,861</u>	<u>423,606</u>	<u>1,869</u>

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The following table presents assets that are measured at fair value on a recurring basis at June 30, 2010:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 104,413	104,413	—	—
Common stocks and mutual funds	226,132	226,132	—	—
U.S. Treasury securities	88,081	88,081	—	—
Corporate and municipal bonds and notes	129,982	—	129,982	—
Mortgage-backed securities	249,348	—	249,348	—
Asset-backed securities	39,007	—	39,007	—
Total	\$ 836,963	418,626	418,337	—

The Level 3 asset is a mortgage-backed security issued by the National Credit Union Association, and is secured by residential mortgages. Inputs to determine fair value of the security include loan level and structure specific items that influence the bonds' principal and interest cash flows and their timing, which includes, but is not limited to, assumptions about prepayments, defaults, severities, credit enhancement, and discount rate. There are no redemption frequency or notice restrictions with this security. The following table presents a reconciliation for Level 3 assets measured at fair value on a recurring basis for the period of July 1 to June 30, 2011:

Beginning balance, July 1, 2010	\$ —
Total net gains	21
Purchases, sales, issuances, and settlements (net)	1,848
Ending balance, June 30, 2011	\$ 1,869

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(8) Business Acquisition

(a) Ballard Nursing Center

On May 31, 2011, RHC completed the acquisition of Ballard, a skilled nursing facility in Des Plaines, Illinois. The purchase price for Ballard was \$22,000 in cash, subject to customary postclosing working capital adjustment, based upon the terms and subject to the conditions contained in the Asset Purchase Agreement. Ballard's results of operations from the date of acquisition through June 30, 2011 are included in the 2011 consolidated statement of operations

The acquisition of Ballard will help enhance RHC's senior services business by expanding its presence and enhancing its capabilities to provide resident services.

Costs related to the Ballard acquisition of \$158 are included in purchased services expenses for the year ended June 30, 2011. The costs incurred are comprised of legal, accounting, valuation, and professional services fees associated with the Ballard acquisition.

(b) Purchase Price Allocation

The Ballard acquisition was accounted for under the acquisition method of accounting with RHC treated as the acquiring entity. Accordingly, the consideration paid by RHC to complete the acquisition has been allocated to the assets acquired based upon their estimated fair values as of the date of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired was recorded to goodwill. Goodwill is nonamortizing for financial statement purposes.

The following table summarizes the fair values assigned to the assets acquired at the acquisition date:

Land, buildings, and equipment	\$	13,147
Goodwill		1,923
Intangible assets – finite lived		<u>6,930</u>
Total assets acquired	\$	<u><u>22,000</u></u>

During the year ended June 30, 2011, RHC recognized \$0 of amortization expense from the finite-lived intangible asset acquired. The intangible asset acquired will be amortized over its estimated period of benefit of 35 years.

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(c) Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information presents the combined historical results of operations of RHC and Ballard as if the acquisition had occurred on the first day of the comparable fiscal period presented. The unaudited pro forma financial information includes certain adjustments related to the acquisition, such as increased amortization from the fair value of the intangible asset acquired recorded as part of acquisition accounting. Unaudited pro forma results of operations are as follows

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
Net revenue	\$ 1,434,711	1,421,378
Income from operations	17,257	5,630
Revenue and gains in excess (deficient) of expenses and losses	89,872	(9,310)
Change in unrestricted net assets	196,915	(52,736)

The unaudited pro forma financial information is not intended to represent or be indicative of what would have occurred if the transaction had taken place on the dates presented and is not indicative of what RHC's actual results of operations would have been had the acquisition been completed at the beginning of the periods indicated above. Further, the pro forma combined results do not reflect one-time costs to fully merge and operate the combined organization more efficiently and should not be relied upon as being indicative of the future results that RHC will experience

(9) Asset Divestitures

Effective August 1, 2011, Senior Services entered into an agreement to sell substantially all of the assets and certain liabilities of and associated with RNH and MLNH (collectively referred to herein as Resurrection Ministries of New York or RMNY) Pursuant to the Asset Purchase Agreement (APA), Senior Services sold substantially all the assets of RMNY including resident accounts receivable, fixed assets, and inventory The net book value of RMNY's assets that were purchased by the buyer at date of sale approximated \$6,875 Accounts payable and accrued expenses assumed by the buyer at date of sale approximated \$195. Senior Services has accepted an offer of \$4,500 for the sale of RMNY's assets. Senior Services recognized a loss on the sale of \$2,180 in fiscal 2011.

Effective August 1, 2010, RHC sold substantially all of the assets and certain liabilities of and associated with WSMC, WH, and certain physician practices, properties, and retail pharmacies associated with Services (collectively referred to herein as the Entities). Pursuant to the Asset Purchase Agreement (Agreement), RHC sold substantially all the assets of the Entities including fixed assets, patient accounts receivable, and inventory. The net book value of the Entities' assets that were purchased by the buyer at date of sale approximated \$143,895 Accounts payable and accrued expenses assumed by the buyer at date of sale approximated \$16,962 RHC received net cash proceeds from the sale of \$45,068 RHC recognized a loss on the sale of \$81,865 in fiscal 2010

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The purchase price of the Entities, as defined in the Agreement, was \$40,000 based on net working capital of \$15,000. On August 1, 2010, the estimated net working capital of the Entities was \$20,068. Included in the net cash proceeds collected by RHC of \$45,068 are the purchase price and the excess of net working capital on August 1, 2010 above the amount specified in the Agreement. The Agreement also includes a provision for final settlement of the purchase consideration based on actual net working capital as of the date of sale. RHC recognized a loss on sale of \$1,451 in fiscal 2011 related to the working capital settlement.

Effective July 1, 2010, Senior Services sold substantially all of the assets of and associated with SFNR. Pursuant to the Asset Purchase Agreement, Senior Services sold substantially all the assets of SFNR including fixed assets, rights and obligations under resident agreements, resident accounts receivable, and inventory. The net book value of SFNR's assets that were purchased by the buyer at date of sale approximated \$1,668. Deferred revenue and liabilities attributable to entrance fees assumed by the buyer at date of sale approximated \$281. Senior Services received net cash proceeds from the sale of \$6,480. Senior Services recognized a gain on the sale of \$5,093 in fiscal 2011.

RMNY's, the Entities', and SFNR's assets and liabilities are classified as held-for-sale in the accompanying consolidated statements of financial position. The operations of RMNY, the Entities, and SFNR have been presented in the accompanying consolidated statements of operations as discontinued operations. The results of RMNY's, the Entities', and SFNR's operations, including the gain (loss) on the sale transactions, are reported in the accompanying consolidated statements of operations as gain (loss) from discontinued operations. Further, all net cash flows related to the operating, investing, and financing activities of RMNY, the Entities, and SFNR are reported separately as discontinued operations in the accompanying consolidated statements of cash flows.

Effective with the divestitures, employees of RMNY, the Entities, and SFNR will no longer be eligible for participation in the retirement plans sponsored by RHC (note 12). RHC will offer each employee who will no longer be eligible for participation in the RHC cash balance plans the option of receiving a lump-sum settlement of their benefit in their cash balance account. Gains or losses from the settlement of cash balance accounts will be recognized as gain or loss on discontinued operations at time of settlement. During fiscal 2011, RHC recognized \$13,651 of losses for the settlement of cash balance accounts with former employees. The settlement loss is included within discontinued operating losses as a component of the loss on sales.

A summary of the operating components of the gain (losses) from discontinued operations for RMNY, the Entities, and SFNR for the years ended June 30, 2011 and 2010 is as follows.

	2011	2010
Revenue	\$ 30,045	295,103
Expenses	33,688	322,416
Nonoperating gains (losses)	306	(154)
Losses from discontinued operations	\$ (3,337)	(27,467)

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(10) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at June 30, 2011 and 2010 follows:

	2011	2010
Land	\$ 56,225	59,993
Land improvements	37,932	39,041
Buildings and building equipment	914,452	919,356
Departmental equipment	595,333	567,191
	1,603,942	1,585,581
Less accumulated depreciation	949,668	971,850
	654,274	613,731
Construction in progress	51,161	76,231
Land, buildings, and equipment, net	\$ 705,435	689,962

Construction in progress at June 30, 2011 and 2010 consists primarily of costs associated with an information technology and software implementation project and various other projects. The remaining costs associated with these projects at June 30, 2011 are approximately \$22,800, substantially all of which have been contractually committed. Interest cost is capitalized as a component cost of significant capital projects to the extent that such interest expense exceeds interest income earned on any project specific borrowed funds. For the years ended June 30, 2011 and 2010, RHC capitalized interest cost of \$1,198 and \$1,761, respectively.

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(11) Long-Term Debt

A summary of long-term debt at June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Fixed Rate Revenue Bonds (Series 2009)	\$ 91,925	101,040
Variable Rate Revenue Bonds (Series 2005B)	119,140	119,140
Variable Rate Revenue Bonds (Series 2005C)	119,775	119,775
Fixed Rate Revenue Bonds (Series 1999A)	100,400	104,400
Fixed Rate Revenue Bonds (Series 1999B)	100,400	104,400
Revenue Bonds (Series 1997B) (HFMC)	30,245	31,350
Mortgage loans (RMNY)	—	12,244
	<hr/>	<hr/>
Total long-term debt	561,885	592,349
Less		
Current installments	18,910	257,411
Unamortized bond premium	(4,501)	(4,739)
Unamortized bond discount	565	599
	<hr/>	<hr/>
Long-term debt, excluding current installments and unamortized bond premiums and discounts	\$ <u>546,911</u>	<u>339,078</u>

On August 1, 1999, RHC entered into a Master Trust Indenture under which RHC was the only Obligated Group member. RMC, OLR, WH, SFH, Services, Senior Services, Home Care, and the Foundation were named Unlimited Credit Group Participants required to permit RHC to perform all obligations and covenants under the Master Trust Indenture. The Master Trust Indenture was amended and restated as of May 1, 2005, pursuant to the issuance of the Series 2005 bonds and the reissuance of the Variable Rate Demand Bonds (Series 1999A and Series 1999B). RHC, RMC, OLR, WH, SFH, SJH, SSMEMC, and WSMC were named Obligated Group Members under the amended and restated Master Trust Indenture. Services, Senior Services, Home Care, and the Foundation were named Unlimited Credit Group Participants required to permit the Obligated Group to perform all obligations and covenants under the amended and restated Master Trust Indenture, and required to pay such amounts as are necessary to make all payments on the Series 1999 and Series 2005 obligations. On June 5, 2008, the Master Trust Indenture was amended and restated pursuant to the issuance of the Series 2008 bonds and the conversion of the Series 2005A and Series 2005B bonds. On December 1, 2009, the Master Trust Indenture was amended and restated pursuant to the issuance of the Series 2009 bonds and the advance refunding of the Series 2008A and Series 2008B bonds. The purpose of the Master Trust Indenture is to provide a mechanism for the efficient and economical issuance of notes by individual members of the Obligated Group using the collective borrowing capacity and credit rating of the Obligated Group. The Master Trust Indenture requires the individual members of the Obligated Group to make principal and interest payments on notes issued for their benefit and to pay such amounts as are otherwise necessary to enable the Obligated Group to satisfy all obligations issued under the Master Trust Indenture.

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On December 22, 2009, the Illinois Finance Authority issued Revenue Refunding Bonds, Series 2009, in the amount of \$103,805 on behalf of RHC. The proceeds from the Series 2009 bond issuance were used to advance refund their outstanding Series 2008A and Series 2008B bonds. The transactions to advance refund and cash defease outstanding debt resulted in a loss of \$1,022, which is included with nonoperating losses in the 2011 consolidated statement of operations. Principal on the Series 2009 bonds is payable annually through 2025. Interest is payable semiannually commencing on May 15, 2010 at fixed rates between 3.00% and 6.13% depending on date of maturity. The Series 2009 bonds were issued pursuant to a Bond Trust Indenture, dated as of December 1, 2009. The Series 2009 bonds are secured by an interest in the pledged revenues of the Obligated Group and a mortgage on RMC.

On June 5, 2008, the Illinois Finance Authority issued Variable Rate Revenue Bonds, Series 2008A and Series 2008B (collectively referred to as the Series 2008 bonds), in the aggregate amount of \$100,000 on behalf of RHC. The proceeds from the Series 2008 bond issuance were used to advance refund various outstanding debt. Principal on the bonds was due on May 15, 2029. Interest was payable monthly at variable rates. During 2010, the effective interest rate on the Series 2008 bonds was 1.68%. The Series 2008 bonds were issued pursuant to two separate Bond Trust Indentures, each dated as of June 1, 2008. The Series 2008 bonds were secured by irrevocable transferable direct pay letters of credit issued by commercial banks, which expired on December 5, 2009. The Series 2008 bonds with an outstanding principal balance of \$98,370 were advance refunded in 2010.

On May 26, 2005, the Illinois Finance Authority issued Variable Rate Revenue Bonds, Series 2005A, Series 2005B, Series 2005C, and Series 2005D, and on June 16, 2005, the Illinois Finance Authority issued Variable Rate Revenue Bonds, Series 2005E (collectively referred to as the Series 2005 bonds), in the aggregate amount of \$350,000 on behalf of RHC. The Series 2005D and Series 2005E bonds were cash defeased in 2008. Principal on the bonds is payable annually through 2035. Interest is payable monthly at variable rates. During 2011 and 2010, the effective interest rate on the Series 2005 bonds was 0.26% and 0.27%, respectively. The Series 2005 bonds were issued pursuant to five separate Bond Trust Indentures, each dated as of May 1, 2005. The Series 2005B and 2005C bonds are secured by direct pay letters of credit issued by commercial banks, which currently expire on October 31, 2012, in amounts equal to the principal amount of the bonds and accrued interest on such principal. Holders of the Series 2005 bonds have a put option that allows them to redeem the bonds prior to maturity. The Obligated Group has an agreement with an underwriter to remarket any bonds redeemed through the exercise of put options. Principal on the Series 2005B and 2005C bonds outstanding at June 30, 2010 were included in current installments of long-term debt as the letters of credit securing the bonds as of June 30, 2010 expired on February 25, 2011. The Series 2005A bonds with an outstanding principal balance of \$26,130 were cash defeased in 2010.

On August 27, 1999, the Illinois Health Facility Authorities issued Variable Rate Demand Revenue Bonds, Series 1999A and Series 1999B, and Periodic Auction Reset Securities, Series 1999C (collectively referred to as the Series 1999 bonds), in the aggregate amount of \$380,000 on behalf of RHC. The Series 1999C bonds were advance refunded in 2008. On June 5, 2008, RHC converted the outstanding Series 1999A and Series 1999B bonds of \$225,000 from variable rate to fixed rate bonds through a bond reissuance. Principal on the Series 1999A and Series 1999B bonds is payable annually through 2029. Interest is payable semiannually at fixed rates varying between 4.00% and 5.50% depending on date of maturity. The

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Series 1999A and Series 1999B bonds were issued pursuant to amended and restated Bond Trust Indentures, each dated as of June 1, 2008. Payment of principal and interest on the Series 1999A and Series 1999B bonds when due is guaranteed under municipal bond insurance policies.

On December 23, 1997, the Illinois Health Facilities Authority on behalf of HFMC issued its Revenue Bonds, Series 1997, in the principal amount of \$41,000 pursuant to a loan agreement dated December 1, 1997 between the Illinois Health Facilities Authority and HFMC (Series 1997B). Interest is payable at rates varying between 4.25% and 5.00% in annual installments through 2027. Effective February 6, 2001, HFMC entered into a Reimbursement, Mortgage, and Security Agreement (RHC Reimbursement Agreement) with RHC. The RHC Reimbursement Agreement provides that RHC will guarantee payment to the Bond Insurer of all amounts paid by the Bond Insurer in connection with the Series 1997B bonds under either the Bond Insurance Policy or the Surety Bond, which are not reimbursed to the Bond Insurer by HFMC. In conjunction with the RHC Reimbursement Agreement, HFMC issued its Direct Note Obligation, Series 2001A (Series 2001A), in a principal amount equal to the amount owed under the RHC Reimbursement Agreement, if any. Series 2001A is secured by a mortgage of the land and healthcare facilities of HFMC's main campus located in Des Plaines, Illinois, and HFMC's accounts receivable. All intercompany amounts related to the Series 2001A bonds have been eliminated in consolidation. RHC has not made or accrued any payment obligations pursuant to this guarantee.

In October 1999, HFMC entered into a 10-year term loan (Term Loan) in the amount of \$10,275. Under the terms of the Term Loan, HFMC paid interest at a fixed rate of 7.75%. Principal installments were due annually in amounts ranging from \$227 to \$420 through October 2009 with a lump-sum payment of \$6,951, due November 2009. The Term Loan was repaid during 2010.

RNH and MLNH have two mortgage loan agreements through the Dormitory Authority of the State of New York. Principal and interest on the first note are payable in fixed monthly amounts of \$46 through July 2027. The note bears interest at a fixed annual rate of 7.25% and is secured by certain real estate. Principal and interest on the second note are payable in fixed monthly amounts of \$53 through January 2033. The note bears interest at a fixed annual rate of 7.90% and is secured by certain assets of RNH and MLNH. The notes with an outstanding principal balance of \$11,430 were cash defeased in 2011. The transactions to cash defease outstanding debt resulted in a gain of \$1,842, which is included with discontinued operations in the 2011 consolidated statement of operations.

RHC entered into a revolving credit agreement with a commercial bank on April 8, 2011 to provide a \$30,000 line of credit. There were no outstanding draws on the line of credit as of June 30, 2011.

At June 30, 2011 and 2010, the fair value of RHC and Affiliates' total long-term debt was approximately \$566,966 and \$601,456, respectively. Fair value was estimated using quoted market prices based upon the Obligated Group's current borrowing rates for similar types of long-term debt securities.

Under Section 148(f) of the Code, an issuer of tax-exempt bonds is required to rebate to the Internal Revenue Service the excess of investment income earned on all nonpurpose investments made with the gross proceeds of tax-exempt bond issues over the amount, which would have been earned if such nonpurpose investments had been invested at a rate equal to the interest yield on the related bond issue. The estimated rebate liability of \$0 and \$1,148 at June 30, 2011 and 2010, respectively, related to the

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Series 2005 bonds is recorded within accounts payable and accrued expenses in the accompanying consolidated statements of financial position

Scheduled principal repayments on long-term debt based on the variable rate revenue bonds being put back to the Obligated Group and a corresponding draw being made on the underlying credit facility, if available, are as follows for the ensuing five years:

	<u>Amount</u>
Year:	
2012	\$ 18,910
2013	258,485
2014	20,280
2015	20,145
2016	8,615

Scheduled annual principal payments on long-term debt based on the scheduled redemptions according to the respective Bond Trust Indentures for the ensuing five years are as follows:

	<u>Amount</u>
Year:	
2012	\$ 18,910
2013	19,570
2014	20,280
2015	21,105
2016	12,110

(12) Employees' Retirement Plans

RHC and Affiliates have two cash balance plans (defined benefit plans that operate like defined contribution plans) (Plan A and Plan B) that cover substantially all eligible employees of RHC and Affiliates. Each eligible participant has a benefit account balance, which accrues as a percentage of current year's pay and earns interest at a specified rate.

RHC and Affiliates record pension cost at an amount calculated by an independent consulting actuary. RHC and Affiliates recognize the cost related to employee service using the projected unit credit cost method. Gains and losses, calculated as the difference between estimated and actual amounts of plan assets and the projected benefit obligation, and prior service cost are amortized over the expected future service period.

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(In thousands)

The following tables set forth the consolidated funded status, assumptions, and amounts recognized in the accompanying consolidated financial statements as of and for the years ended June 30, 2011 and 2010 for Plans A and B.

	<u>2011</u>	<u>2010</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ (385,274)	(319,512)
Service cost	(20,351)	(21,521)
Interest cost	(18,926)	(20,095)
Actuarial gain (loss)	68,845	(44,731)
Benefits paid	49,268	20,585
Gain due to curtailment	2,610	—
Loss due to settlement	<u>(6,974)</u>	<u>—</u>
Benefit obligation at end of year	\$ <u><u>(310,802)</u></u>	<u><u>(385,274)</u></u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 137,499	88,503
Actual return on plan assets	27,341	8,111
Adjustments for transfers	(485)	(472)
Employer contributions	54,145	61,942
Benefits paid	<u>(49,268)</u>	<u>(20,585)</u>
Fair value of plan assets at end of year	\$ <u><u>169,232</u></u>	<u><u>137,499</u></u>
Funded status	\$ (141,570)	(247,775)
Amounts recognized in the accompanying consolidated statements of financial position:		
Accrued pension liability	\$ (141,570)	(247,775)
Accumulated charge to unrestricted net assets	<u>31,750</u>	<u>132,434</u>
Net amount recognized	\$ <u><u>(109,820)</u></u>	<u><u>(115,341)</u></u>
Accumulated benefit obligation	\$ (310,548)	(384,838)

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(In thousands)

	<u>2011</u>	<u>2010</u>
Components of net periodic benefit cost:		
Service cost	\$ 20,351	21,521
Expense load	485	472
Interest cost	18,926	20,095
Expected return on plan assets	(12,971)	(8,297)
Amortization of unrecognized net loss	8,826	5,579
Amortization of unrecognized prior service credit	(351)	(403)
Curtailment expense	27	—
Settlement expense	13,650	—
Net periodic benefit cost	<u>\$ 48,943</u>	<u>38,967</u>
	<u>2011</u>	<u>2010</u>
Other changes in plan assets and benefit obligation recognized in unrestricted net assets		
Net actuarial gain (loss)	\$ 78,851	(44,599)
Reversal of amortization items:		
Net actuarial loss	22,382	5,579
Prior service credit	(324)	(403)
Total recognized in unrestricted net assets	<u>\$ 100,909</u>	<u>(39,423)</u>
Estimated future benefit payments:		
Fiscal year 2012	\$ 27,607	
Fiscal year 2013	31,592	
Fiscal year 2014	32,358	
Fiscal year 2015	32,662	
Fiscal year 2016	33,569	
Fiscal year 2017 – 2021	171,776	
Expected contribution during fiscal year 2012	\$ 45,000	

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

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(In thousands)

The estimated net actuarial loss and prior service credit for Plans A and B that will be amortized from unrestricted net assets into net periodic benefit cost during the 2012 fiscal year are \$178 and \$444, respectively

	<u>2011</u>	<u>2010</u>
Weighted average assumptions used to determine benefit obligations at June 30:		
Settlement (discount) rate	5.20%	5.05%
Weighted average rate of increase in future compensation levels	3.00	4.00
Weighted average assumptions used to determine net periodic benefit cost for years ended June 30		
Discount rate	5.05%	6.57%
Expected return on plan assets	8.50	8.50
Rate of compensation increase	4.00	4.00

RHC's overall expected long-term rate of return on assets is 8.5%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

RHC's pension plan weighted average asset allocations at June 30, 2011 and 2010, by asset category, are as follows:

<u>Asset category</u>	<u>Plan assets at June 30</u>	
	<u>2011</u>	<u>2010</u>
Equities	71.6%	56.1%
Fixed income securities	26.1	41.7
Cash and cash equivalents	2.3	2.2

RHC has developed a plan investment policy, which is reviewed and approved by the RHC Finance Committee and the boards of directors. The policy established goals and objectives of the fund, asset allocations, asset classifications, and manager guidelines. The policy reflects a target of up to 60% for equity securities. Investments are managed by independent advisers who are monitored by management and the Finance Committee. RHC monitors the asset allocation and executes required recalibrations of the portfolio allocation on a regular basis in response to fluctuations in market conditions and the overall portfolio composition.

RHC and Affiliates also have a defined contribution money purchase plan (Defined Contribution Plan). RHC and Affiliates contribute 25% of contributions made by employees to their tax deferred account up to a maximum contribution percentage of 1% of the participant's qualified income. RHC and Affiliates' boards of directors have amended Plan A and the Defined Contribution Plan whereby the employer matching contribution of the Defined Contribution Plan is considered a component of Plan A. Accordingly,

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this employer matching component has been included as a component of the accrued pension liability of Plan A as determined by the professional consulting actuary.

(a) Fair Value of Financial Instruments

The following is a description of the valuation methodologies used for pension Plan A and Plan B assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010

- Cash and cash equivalents: Valued at the carrying amount that approximates fair value because of the short-term maturity of these investments.
- Common stocks, real estate investment trusts, U S government securities, and foreign securities. Valued at the closing price reported on the active market on which the individual securities are traded.
- Mortgage-backed securities, commercial mortgage-backed, asset-backed, CMO/REMIC, and corporate bonds and notes. Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation 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 fair value measurement at the reporting date.

(b) Fair Value Hierarchy

Plan A and Plan B adopted ASC Subtopic 715-20-50 on July 1, 2009 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Subtopic 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

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(In thousands)

The following tables present the Plans' fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2011 and 2010

	Fair value, June 30, 2011	Level 1	Level 2	Level 3
Investments:				
Cash and cash equivalents	\$ 3,956	3,956	—	—
Common stocks and mutual funds	121,237	121,237	—	—
U.S. Treasury securities	13,421	13,421	—	—
Corporate and municipal bonds and notes	13,065	—	13,065	—
Mortgage-backed securities	15,388	—	15,014	374
Asset-backed securities	2,165	—	2,165	—
	<u>169,232</u>	<u>138,614</u>	<u>30,244</u>	<u>374</u>
Total assets at fair value	\$ <u>169,232</u>	<u>138,614</u>	<u>30,244</u>	<u>374</u>

	Fair value, June 30, 2010	Level 1	Level 2	Level 3
Investments:				
Cash and cash equivalents	\$ 3,035	3,035	—	—
Common stocks and mutual funds	77,201	77,201	—	—
U.S. Treasury securities	16,803	16,803	—	—
Corporate and municipal bonds and notes	16,471	—	16,471	—
Mortgage-backed securities	19,501	—	19,501	—
Asset-backed securities	4,488	—	4,488	—
	<u>137,499</u>	<u>97,039</u>	<u>40,460</u>	<u>—</u>
Total assets at fair value	\$ <u>137,499</u>	<u>97,039</u>	<u>40,460</u>	<u>—</u>

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The Level 3 asset is a mortgage-backed security issued by the National Credit Union Association, and is secured by residential mortgages. Inputs to determine fair value of the security include loan level and structure specific items that influence the bonds' principal and interest cash flows and their timing, which includes, but is not limited to, assumptions about prepayments, defaults, severities, credit enhancement, and discount rate. There are no redemption frequency or notice restrictions with this security. The following table presents a reconciliation for Level 3 assets measured at fair value on a recurring basis for the period of July 1 to June 30, 2011:

Beginning balance, July 1, 2010	\$	—
Total net gains		4
Purchases, sales, issuances, and settlements (net)		<u>370</u>
Ending balance, June 30, 2011	\$	<u><u>374</u></u>

WSMC sponsored the West Suburban Health Care Retirement Income Plan (Income Plan), a noncontributory defined benefit pension plan, for which the board of directors of WSMC authorized the curtailment of the Income Plan effective January 1, 2002. As a result of the curtailment, participation in the Income Plan is limited to participants entering on or before January 1, 2002, and no new benefits will accrue to participants subsequent to that date. Gains and losses, calculated as the difference between estimated and actual amounts of plan assets and the projected benefit obligation, is amortized over the expected future service period. RHC has maintained responsibility for the Income Plan subsequent to the asset divestitures disclosed in note 9.

A summary of the changes in the projected benefit obligation and plan assets and the resulting funded status of the Income Plan is as follows at June 30, 2011 and 2010 (measurement dates):

	<u>2011</u>	<u>2010</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of period	\$ (70,970)	(57,918)
Interest cost	(3,756)	(3,858)
Actuarial loss	(1,276)	(11,620)
Benefits paid	<u>2,590</u>	<u>2,426</u>
Benefit obligation at end of period	\$ <u><u>(73,412)</u></u>	<u><u>(70,970)</u></u>
Change in plan assets:		
Fair value of plan assets at beginning of period	\$ 46,804	43,254
Actual return on plan assets	8,896	5,526
Employer contributions	1,149	450
Benefits paid	<u>(2,590)</u>	<u>(2,426)</u>
Fair value of plan assets at end of period	\$ <u><u>54,259</u></u>	<u><u>46,804</u></u>
Funded status	\$ (19,153)	(24,166)

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	<u>2011</u>	<u>2010</u>
Accumulated benefit obligation	\$ (73,412)	(70,970)
Amount recognized in the accompanying consolidated statements of financial position		
Accrued pension liability	\$ (19,153)	(24,166)
Accumulated charge to unrestricted net assets	25,932	30,482
Net amount recognized	\$ <u>6,779</u>	<u>6,316</u>
Components of net periodic benefit cost.		
Interest cost	\$ 3,756	3,858
Expected return on plan assets	(3,886)	(3,555)
Amortization of unrecognized net loss	817	2,691
Net periodic benefit cost	\$ <u>687</u>	<u>2,994</u>
Other changes in plan assets and benefit obligation recognized in unrestricted net assets:		
Net actuarial gain (loss)	\$ 3,733	(9,650)
Reversal of amortization item:		
Net actuarial gain	817	2,691
Total recognized in unrestricted net assets	\$ <u>4,550</u>	<u>(6,959)</u>
	<u>2011</u>	<u>2010</u>
Estimated future benefit payments:		
Fiscal year 2012	\$ 3,393	
Fiscal year 2013	3,551	
Fiscal year 2014	3,668	
Fiscal year 2015	3,894	
Fiscal year 2016	4,138	
Fiscal years 2017 – 2021	23,675	
Expected contributions during fiscal year 2012:		
Minimum required contribution	\$ 6,508	
Weighted average assumptions used to determine benefit obligations:		
Settlement (discount) rate	5.61%	5.41%
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	5.41%	6.83%
Expected return on plan assets	8.50	8.50

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The estimated net actuarial loss for the Income Plan that will be amortized from unrestricted net assets into net periodic benefit cost during the 2012 fiscal year is \$661.

The Income Plan's overall expected long-term rate of return on assets is 8.5%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The Income Plan's weighted average asset allocations at June 30, 2011 and 2010 by asset category are as follows:

Asset category	Plan assets at June 30	
	2011	2010
Equities	61.4%	54.4%
Fixed income securities	36.0	43.8
Cash and cash equivalents	2.6	1.8

RHC has developed a plan investment policy for the Income Plan, which is reviewed and approved by the RHC Finance Committee and the boards of directors. The policy established goals and objectives of the fund, asset allocations, asset classifications, and manager guidelines. The policy dictates a specific asset allocation between equity and fixed income securities. Investments are managed by independent advisers who are monitored by management and the Finance Committee. RHC monitors the asset allocation and executes required recalibrations of the portfolio allocation on a regular basis in response to fluctuations in market conditions and the overall portfolio composition.

(c) Fair Value of Financial Instruments

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

- Cash and cash equivalents: Valued at the carrying amount that approximates fair value because of the short-term maturity of these investments.
- Common and preferred stocks, U.S. government securities, and foreign securities: Valued at the closing price reported on the active market on which the individual securities are traded.
- Municipal bonds, corporate bonds, notes, and debentures: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its

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valuation 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 fair value measurement at the reporting date

(d) Fair Value Hierarchy

The Plan adopted ASC Subtopic 715-20-50 on July 1, 2009 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Subtopic 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The following tables present the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010

	Fair value, June 30, 2011	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,434	1,434	—	—
Common stocks and mutual funds	33,289	33,289	—	—
U.S. Treasury securities	4,717	4,717	—	—
Corporate and municipal bonds and notes	5,370	—	5,370	—
Mortgage-backed securities	7,824	—	7,824	—
Asset-backed securities	1,625	—	1,625	—
	<u>\$ 54,259</u>	<u>39,440</u>	<u>14,819</u>	<u>—</u>

	Fair value, June 30, 2010	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 854	854	—	—
Common stocks and mutual funds	25,463	25,463	—	—
U.S. Treasury securities	5,511	5,511	—	—
Corporate and municipal bonds and notes	5,476	—	5,476	—
Mortgage-backed securities	8,453	—	8,453	—
Asset-backed securities	1,047	—	1,047	—
	<u>\$ 46,804</u>	<u>31,828</u>	<u>14,976</u>	<u>—</u>

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(13) Self-Insurance

(a) *Professional and General Liability*

RHC and Affiliates are self-insured for professional and general liability claims up to specified limits arising from incidents occurring after dates of entry into the program, which vary by corporation. Excess insurance coverage was occurrence based through various dates, at which time all corporations changed to claims-made-based coverage. There are no assurances that RHC and Affiliates will be able to renew existing policies or procure coverage on similar terms in the future.

RHC and Affiliates are involved in litigation arising in the ordinary course of business. Claims alleging malpractice have been asserted against RHC and Affiliates and are currently in various stages of litigation. Provisions for professional and general liability claims include the ultimate cost of known claims and claims incurred but not reported as of the respective consolidated statement of financial position dates. It is the opinion of management that the estimated malpractice liabilities accrued at June 30, 2011 and 2010 are adequate to provide for the ultimate cost of potential losses resulting from pending or threatened litigation, however, such estimates may be more or less than the amounts ultimately paid when claims are resolved. Estimated malpractice claims have been discounted at rates of 3.15% and 3.00% at June 30, 2011 and 2010, respectively. The accrued liability estimated for self-insured professional and general liability claims amounted to \$223,349 and \$246,405 at June 30, 2011 and 2010, respectively. All self-insured malpractice and general claim liabilities are reported as long-term liabilities as the portion expected to be paid within one year is not readily determinable.

(b) *Workers' Compensation*

The Hospitals maintain self-insurance programs for workers' compensation coverage. These programs limit the self-insured retention to specific amounts on a per occurrence basis. Coverage from commercial insurance carriers is maintained for claims in excess of the self-insured retention. Accrued workers' compensation claims amounted to \$8,745 and \$4,681 at June 30, 2011 and 2010, respectively. Management believes the estimated self-insured workers' compensation claims liability at June 30, 2011 and 2010 is adequate to cover the ultimate liability; however, such estimates may be more or less than the amounts ultimately paid when claims are resolved. The portion of workers' compensation claims expected to be paid beyond one year of the consolidated statements of financial position dates is not readily determinable, and therefore, the entire accrual is classified as a current liability included within accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

(c) *Health Care*

RHC and Affiliates also maintain a program of self-insurance for employee health coverage. Stop-loss reinsurance coverage is maintained for claims in excess of stop-loss limits. Accrued self-insured employee health care claims amounted to \$2,638 and \$3,779 for 2011 and 2010, respectively, and are included with accounts payable and accrued expenses in the accompanying consolidated statements of financial position. It is the opinion of management that the estimated

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

health care costs accrued at June 30, 2011 and 2010 are adequate to provide for the ultimate liability; however, final payouts as claims are paid may vary significantly from estimated claim liabilities.

(14) Joint Ventures

Investments in joint ventures include RHC and Affiliates' investment in various joint ventures, which were established to provide various health care services including laboratory, radiation, oncology, sleep lab, and a group purchasing function. RHC and Affiliates account for their investments in the joint ventures on the equity method of accounting. RHC and Affiliates have included their proportional share of the joint ventures' net loss of \$110 and \$1,143 in 2011 and 2010, respectively, within investment loss and other, net in the accompanying consolidated statements of operations. RHC and Affiliates received cash distributions from the joint ventures of \$734 and \$16 in 2011 and 2010, respectively. As of and for the years ended June 30, 2011 and 2010, respectively, the joint ventures had total assets of \$48,535 and \$47,141, members' equity of \$22,266 and \$23,843, revenue of \$75,287 and \$76,510, and net loss of \$402 and \$26. The carrying value of RHC and Affiliates' investments in joint ventures of \$9,199 and \$9,638 at June 30, 2011 and 2010, respectively, is included with other assets in the accompanying consolidated statements of financial position.

(15) Contingencies

(a) Medicare Reimbursement

For the year ended June 30, 2011, RHC and Affiliates recognized approximately \$494,655 of net service revenue from services provided to Medicare beneficiaries. Federal legislation has included provisions to reduce Medicare payments to health care providers. Changes in Medicare and other payor reimbursement as a result of current health reform initiatives may have an adverse effect on RHC and Affiliates' net service revenues.

(b) Litigation

RHC and Affiliates are involved in litigation and regulatory investigations arising in the normal course of business. In consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on RHC and Affiliates' consolidated financial position or results from operations.

(c) Regulatory Investigations

The US Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of health care providers. RHC and Affiliates are subject to these regulatory efforts. Management is currently unaware of any regulatory matters, which may have a material adverse effect on RHC and Affiliates' consolidated financial position or results of operations.

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(d) Tax Exemption for Sales Tax and Property Tax

RHC and Affiliates are exempt from sales tax and property tax based on their not-for-profit status. In 2011, the State of Illinois has challenged this status with many healthcare providers in the State and at least four providers have had their property tax exemption revoked on all or part of their campuses. Management is actively monitoring these issues to assess the impact on RHC and Affiliates. As of June 30, 2011, no related accruals have been made in the accompanying consolidated financial statements for sales or property taxes.

(16) Merger with Provena Health

On November 1, 2011, RHC completed a merger with Provena Health (Provena). Pursuant to the merger, the sponsoring congregations of RHC and Provena merged their health care operations. The parent corporation of the newly merged health care system, Cana Lakes Corporation, a not-for-profit, tax-exempt corporation, is controlled by the five sponsoring congregations of RHC and Provena. The merger was effected to preserve and strengthen Catholic health care, furthering the RHC and Provena charitable missions. The combined systems created the largest Catholic healthcare network in the State of Illinois, spanning 12 hospitals, 28 long-term care and senior residential facilities, more than 50 primary and specialty care clinics, and 6 home health agencies. The combined health system has hospital operations throughout Chicago, Des Plaines, Evanston, Aurora, Elgin, Joliet, Kankakee, Rockford, Urbana, and Danville.

(17) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with the recently issued ASC Topic 855, *Subsequent Events*, RHC and Affiliates evaluated subsequent events after the consolidated balance sheet date of June 30, 2011 through November 18, 2011, which was the date the consolidated financial statements were available to be issued.

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidating Schedule - Financial Position Information

June 30, 2011

(In thousands)

Assets	Resurrection Health Care Corporation	Resurrection Medical Center	Saint Francis Hospital	Our Lady of the Resurrection Medical Center	Westlake Hospital	Saints Mary and Elizabeth Medical Center	Holy Family Medical Center	Saint Joseph Hospital
Current assets	\$ 157	3,239	2,850	6	—	195	—	11
Cash and cash equivalents	18,910	—	—	—	—	—	—	—
Assets whose use is limited or restricted - acquired for current liabilities	—	—	—	—	—	—	—	—
net of allowance for uncollectible patient and resident accounts receivable	—	28,361	17,275	14,877	—	27,584	22,043	19,273
accounts of \$97,848	4,242	2,162	609	381	—	2,096	122	349
Other receivables	—	3,483	1,689	1,104	—	4,231	905	4,133
Inventory of supplies	15,962	4,316	190	222	—	361	54	167
Prepaid expense and other current assets	310	—	—	—	—	—	—	—
Assets held for sale	—	370,771	33,621	—	1,243	48,670	—	1,588
Due from affiliates	—	—	—	—	—	—	—	—
Total current assets	\$ 39,581	412,302	56,234	16,590	1,243	83,097	23,124	25,221
Assets whose use is limited or restricted	292,428	159,028	89,041	32,943	—	72,325	—	—
By boards for investment and self-insurance	30,229	—	—	—	—	—	1,254	—
Under bond indenture agreements - held by trustee	—	—	—	—	—	—	—	—
By donors - permanently restricted	—	—	—	—	—	—	—	—
Total restricted assets	\$ 292,428	159,028	89,041	32,943	—	72,325	1,254	—
Land, buildings, and equipment net	218,509	21,868	62,341	27,397	—	85,123	27,952	69,061
Deferred finance charges net	8,421	—	—	—	—	—	1,002	—
Other assets	9,926	214	148	—	—	—	—	—
Total assets	\$ 599,094	593,412	207,764	76,930	1,243	240,545	53,332	94,582

(Continued)

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidating Schedule – Financial Position Information

June 30, 2011

(In thousands)

Assets	West Suburban Medical Center	Resurrection Senior Services	Resurrection Services	Resurrection Behavioral Health	Resurrection Home Health Services	Resurrection Development Foundation	Resurrection Health Care Preferred	Eliminations	Consolidated
Current assets									
Cash and cash equivalents	—	7,563	211	218	49	704	—	—	15,203
Assets whose use is limited or restricted – required for current liability: Patient and resident accounts receivable net of allowance for uncollectible accounts of \$97,848	—	—	—	—	—	—	—	—	18,910
Other receivables	—	5,510	6,804	2,190	1,745	—	—	—	145,662
Inventory of supplies	—	2,040	1,249	—	21	2,282	1,737	—	17,290
Prepaid expenses and other current assets	—	299	650	—	—	78	—	—	16,494
Assets held for sale	—	837	168	14	12	—	—	—	22,401
Due from affiliates	—	4,695	—	—	—	—	—	—	5,005
Total current assets	2,497	20,944	9,082	2,422	1,827	3,064	6,501	(464,801)	240,965
Assets whose use is limited or restricted									
By boards for investment and self-insurance	—	141,232	—	12	—	20,397	—	—	807,406
Under bond indenture agreements – held by trustee	—	310	—	—	—	14,024	—	—	31,793
By donors – permanently restricted	—	—	—	—	—	—	—	—	14,024
Total assets	—	141,542	—	12	—	34,421	—	—	853,223
Land, buildings and equipment, net	—	114,337	75,682	2,651	355	—	159	—	705,435
Deferred finance charges, net	—	—	—	—	—	82	—	—	9,423
Other assets	—	9,302	4,995	—	2,992	—	—	—	27,659
Total assets	\$ 2,497	\$ 286,123	\$ 89,759	\$ 5,085	\$ 5,174	\$ 37,567	\$ 8,397	\$ (464,801)	\$ 1,836,705

(Continued)

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidating Schedule – Financial Position Information

June 30, 2011
(In thousands)

	Resurrection Health Care Corporation	Resurrection Medical Center	Saint Francis Hospital	Our Lady of the Resurrection Medical Center	Westlake Hospital	Saints Mary and Elizabeth Medical Center	Holy Family Medical Center	Saint Joseph Hospital
Liabilities and Net Assets								
Current liabilities	\$ 17,750	—	—	—	—	—	1,160	—
Current installments of long-term debt and accounts payable and accrued expense	36,893	21,704	1,652	1,286	119	3,592	1,403	1,680
Accrued payroll and fringe benefit	—	64,444	52	—	—	—	—	—
Estimated payables under third-party reimbursement programs	1,492	20,985	16,593	4,786	—	7,310	8,035	29,560
Deferred revenue and refundable deposits	—	—	—	—	—	—	—	—
Liabilities held for sale	—	—	—	—	1,124	—	—	—
Due to affiliates	230,331	—	—	3,653	—	—	30,626	—
Total current liabilities	286,466	107,133	18,297	9,725	1,243	10,902	41,224	31,240
Long-term debt, excluding current installments and unamortized bond premiums and discounts	518,391	—	—	—	—	—	28,520	—
Accrued pension liability	—	160,723	—	—	—	—	—	—
Estimated self-insured professional and general liability claim	44,759	54,210	42,941	17,918	—	33,628	5,058	24,795
Asset retirement obligation	9,482	—	—	—	—	—	—	—
Total liabilities	859,098	322,106	61,238	27,643	1,243	44,530	74,802	56,035
Net assets (deficit)	(260,318)	271,306	146,526	49,287	—	196,015	(21,470)	38,547
Unrestricted	314	—	—	—	—	—	—	—
Temporarily restricted	—	—	—	—	—	—	—	—
Permanently restricted	(260,004)	271,306	146,526	49,287	—	196,015	(21,470)	38,547
Total net assets (deficit)	599,094	593,412	207,764	76,930	1,243	240,545	53,132	94,582
Total liabilities and net assets (deficit)	\$ 599,094	\$ 593,412	\$ 207,764	\$ 76,930	\$ 1,243	\$ 240,545	\$ 53,132	\$ 94,582

(Continued)

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidating Schedule — Financial Position Information

June 30, 2011

(In thousands)

	West Suburban Medical Center	Resurrection Senior Services	Resurrection Services	Resurrection Behavioral Health	Resurrection Home Health Services	Resurrection Development Foundation	Resurrection Health Care Preferred	Eliminations	Consolidated
Liabilities and Net Assets									
Current liabilities									
Current installments of long-term debt	737	2,898	7,181	430	1,100	111	10,865	—	18,910
Accounts payable and accrued expense	—	313	—	—	—	—	—	—	91,651
Accrued payroll and fringe benefits	—	—	—	—	—	—	—	—	64,809
Estimated payables under third-party reimbursement programs	—	1,443	—	120	—	—	—	—	90,324
Deferred revenue and refundable deposits	—	37,100	—	358	—	—	—	—	37,458
Liabilities held for sale	1,760	195	421	—	—	—	—	—	3,500
Due to affiliates	—	70,303	110,023	2,847	13,954	3,064	—	(464,801)	—
Total current liabilities	2,497	112,252	117,625	3,755	15,054	3,175	10,865	(464,801)	306,652
Long-term debt, excluding current installments and unamortized bond premiums and discounts	—	—	—	—	—	—	—	—	546,911
Accrued pension liability	—	—	—	—	—	—	—	—	160,723
Estimated self-insured professional and general liability claim	—	—	—	—	—	—	—	—	223,349
Asset retirement obligation	—	—	—	—	—	—	—	—	9,482
Total liabilities	2,497	112,252	117,625	3,755	15,054	3,175	10,865	(464,801)	1,247,117
Net assets (deficit)									
Unrestricted	—	173,873	(27,866)	1,330	(9,880)	7,410	(2,468)	—	562,292
Temporarily restricted	—	—	—	—	—	12,958	—	—	13,272
Permanently restricted	—	—	—	—	—	14,024	—	—	14,024
Total net assets (deficit)	—	173,873	(27,866)	1,330	(9,880)	34,392	(2,468)	—	589,588
Total liabilities and net assets (deficit)	2,497	286,125	89,759	5,085	5,174	37,567	8,397	(464,801)	1,836,705

See accompanying independent auditors' report

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidating Schedule – Operations and Changes in Unrestricted Net Assets Information

Year ended June 30, 2011

(In thousands)

	Resurrection Health Care Corporation	Resurrection Medical Center	St. Francis Hospital	Our Lady of the Resurrection Medical Center	Westlake Hospital	St. Mary and Elizabeth Medical Center	Holy Family Medical Center	St. Joseph Hospital
Revenue								
Net service revenue	—	257,832	170,404	129,500	—	310,020	79,158	197,671
Other revenue	8,527	4,493	3,703	882	—	11,375	1,410	3,868
Services provided to affiliates	149,717	—	—	—	—	—	—	—
Total revenue	149,244	262,325	174,107	130,382	—	321,395	80,568	201,539
Expenses								
Salaries and wages	69,724	87,824	49,986	44,095	—	96,386	31,670	63,437
Payroll taxes and fringe benefits	14,045	24,452	13,749	11,534	—	25,528	8,577	17,575
Pharmacy fees	878	16,680	11,622	5,296	—	10,870	1,748	16,378
Supplies	2,093	49,233	23,807	17,510	—	32,706	8,678	29,947
Other	46,551	15,863	6,154	5,307	—	10,054	4,730	9,397
Management services	—	28,075	17,878	15,828	—	30,967	7,273	18,864
Purchased services	10,464	7,121	4,309	4,309	—	19,801	2,634	9,011
Insurance	141	9,996	1,806	2,109	—	(3,098)	195	1,506
Depreciation and amortization	5,534	4,500	12,316	5,932	—	13,551	4,556	10,499
Provision for uncollectible accounts receivable	—	14,243	22,080	21,320	—	30,273	(4,955)	6,220
Interest	—	3,804	3,521	1,457	—	3,403	1,341	2,828
Assessments and taxes	—	6,819	5,990	3,994	—	20,828	2,869	8,514
Total expenses	149,430	270,543	176,030	138,691	—	291,269	69,316	194,176
Income (loss) from operations	(186)	(8,218)	(1,923)	(8,309)	—	30,126	11,252	7,363
Nonoperating gains (losses)	56,747	7,494	3,946	1,524	—	2,448	(247)	—
Investment income (loss) and other, net	—	—	—	—	—	—	—	—
Loss on early extinguishment of long-term debt	—	—	—	—	—	—	—	—
Net nonoperating gains (losses)	56,747	7,494	3,946	1,524	—	2,448	(247)	—
Revenue and gains in excess (deficient) of expenses and losses before discontinued operations	56,561	(724)	2,023	(6,785)	—	32,674	11,005	7,363
Gains (losses) from discontinued operations (including losses on sale of \$4.827 in 2011)	6,180	—	—	—	(7,872)	—	—	—
Revenue and gains in excess (deficient) of expenses and losses	62,741	(724)	2,023	(6,785)	(7,872)	32,674	11,005	7,363
Other changes in unrestricted net assets	165	248	76	60	—	9	—	597
Net assets released from restrictions for purchases of land, building and equipment	(55,064)	—	—	—	26,269	—	—	—
Transfers to affiliated organizations	—	105,459	—	—	—	—	—	—
Recognition of change in pension funded status	—	—	—	—	—	—	—	—
Increase (decrease) in unrestricted net assets	7,842	104,983	2,099	(6,725)	18,397	32,683	11,005	7,900

(Continued)

RESURRECTION HEALTH CARE CORPORATION AND AFFILIATES

Consolidating Schedule – Operations and Changes in Unrestricted Net Assets Information

Year ended June 30, 2011

(in thousands)

	West Suburban Medical Center	Resurrection Senior Services	Resurrection Services	Resurrection Behavioral Health	Resurrection Home Health Services	Resurrection Development Foundation	Resurrection Health Care Preferred	Eliminations	Consolidated
Revenue									
Net service revenue	—	120,240	29,729	—	12,238	—	—	(1,458)	1,303,334
Other revenue	—	2,359	17,307	18,003	52	1,477	47,538	(4,060)	116,934
Services provided to affiliates	—	8,612	—	—	—	—	—	(149,329)	—
Total revenue	—	131,211	47,036	18,003	12,290	1,477	47,538	(156,847)	1,420,268
Expenses									
Salaries and wages	—	51,983	8,706	7,862	7,009	1,055	2,805	—	522,552
Payroll taxes and fringe benefits	—	17,179	3,740	2,570	1,492	185	638	—	141,264
Physicians' fees	—	127	10,157	1,920	—	—	202	(129)	75,749
Supplies	—	23,667	8,032	509	704	8	124	(8,592)	189,026
Other	—	4,578	8,580	1,565	783	439	43,228	(9,370)	147,859
Management services	—	10,699	3,151	923	1,356	69	214	(135,297)	—
Purchased services	—	3,174	5,020	1,179	63	308	158	(3,459)	69,770
Insurance	—	1,416	1,671	120	369	—	121	—	10,856
Depreciation and amortization	—	8,154	6,870	240	312	—	49	—	77,067
Provision for uncollectible accounts receivable	—	2,611	1,429	247	165	—	—	—	93,633
Interest	—	2,210	2,073	84	26	—	—	—	20,747
Assessments and taxes	—	2,026	2,874	—	—	—	—	—	53,914
Total expenses	—	127,834	62,903	17,219	12,279	2,064	47,539	(156,847)	1,402,446
Income (loss) from operations	—	3,377	(15,867)	784	11	(587)	(1)	—	17,822
Nonoperating gains (losses)									
Investment income (loss) and other net	(12)	6,290	878	(1)	704	907	1	—	80,779
Loss on early extinguishment of long-term debt									
Net nonoperating gains (losses)	(12)	6,290	878	(1)	704	907	1	—	80,779
Revenue and gains in excess (deficient) of expenses and losses before discontinued operations	(12)	9,667	(14,989)	783	715	320	—	—	98,601
Gains (losses) from discontinued operations (including losses on sale of \$4,827 in 2011)	(10,449)	3,537	440	—	—	—	—	—	(8,164)
Revenue and gains in excess (deficient) of expenses and losses	(10,461)	13,204	(14,549)	783	715	320	—	—	90,437
Other changes in unrestricted net assets									
Net assets released from restrictions for purchases of land, building, and equipment	—	253	—	176	—	—	—	—	1,584
Transfers to affiliated organizations	28,795	—	—	—	—	—	—	—	—
Recognition of change in pension funded status	—	—	—	—	—	—	—	—	105,450
Increase (decrease) in unrestricted net assets	18,334	13,457	(14,549)	959	715	320	—	—	197,480

See accompanying independent auditors' report

Client WESTSUB

Cana West Ministry Services

36-2182170

5/17/12

11 36AM

Form 990, Part XI, Line 5
Other Changes in Net Assets or Fund Balances

Sale of Assets to VHS West Suburban Medical Center Inc	\$ 28,795,352.
Total	<u>\$ 28,795,352.</u>

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

Part II: Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print File by the extended due date for filing the return See instructions	Name of exempt organization Cana West Ministry Services	Employer identification number 36-2182170
	Number, street, and room or suite number If a P O box, see instructions RESURRECTION HEALTH CARE CORP 7435 W TALCOTT AVE	
	City, town or post office state, and ZIP code For a foreign address, see instructions Chicago, IL 60631	

Enter the Return code for the return that this application is for (file a separate application for each return)

01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in care of **David Wrigley**
 Telephone No **847-813-3728** FAX No **847-813-3785**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

- I request an additional 3-month extension of time until 5/15, 2012
- For calendar year _____, or other tax year beginning 7/01, 2010, and ending 6/30, 2011
- If the tax year entered in line 5 is for less than 12 months, check reason Initial return Final return Change in accounting period
- State in detail why you need the extension Taxpayer respectfully requests additional time to gather information necessary to file a complete and accurate tax return.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	8a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b \$
c Balance due. Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	8c \$

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete, and that I am authorized to prepare this form

Signature **BAA** Title **Treasurer** Date _____