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Form 990

Return of Organization Exempt From Income Tax

2010

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

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

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable

C Name of organization
Northwest Community Hospital

D Employer identification number

36-2340313

Address change

Name change

Initial return

Terminated

Amended return

Application pending

F Name and address of principal officer
Bruce K Crowther
800 W Central Road
Arlington Heights, IL 60005

E Telephone number

(847) 618-1000

G Gross receipts \$ 848,122,804

I Tax-exempt status 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527H(a) Is this a group return for affiliates? Yes NoH(b) Are all affiliates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► www.nch.org

K Form of organization Corporation Trust Association Other ►

L Year of formation 1953

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
NCH operates an acute care hospital in Arlington Heights, IL. The hospital exists to provide quality compassionate healthcare services to the people of the Northwest suburban community of Chicago

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

3 Number of voting members of the governing body (Part VI, line 1a)	3	18
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	17
5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	3,860
6 Total number of volunteers (estimate if necessary)	6	850
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0

8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9 Program service revenue (Part VIII, line 2g)	58,803,610	1,732,845
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	429,297,770	464,896,764
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,115,869	1,384,958
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	6,127,030	6,015,024
	497,344,279	474,029,591

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	Prior Year	Current Year
14 Benefits paid to or for members (Part IX, column (A), line 4)	58,803,610	1,732,845
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	429,297,770	464,896,764
16a Professional fundraising fees (Part IX, column (A), line 11e)	3,115,869	1,384,958
b Total fundraising expenses (Part IX, column (D), line 25) ► 0	6,127,030	6,015,024
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	497,344,279	474,029,591
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	438,997	2,958,497
19 Revenue less expenses Subtract line 18 from line 12	0	0
	236,671,537	242,624,121
	0	0
	216,879,648	236,398,778
	453,990,182	481,981,396
	43,354,097	-7,951,805

20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
21 Total liabilities (Part X, line 26)	610,945,530	591,409,283
22 Net assets or fund balances Subtract line 21 from line 20	440,717,241	440,310,263
	170,228,289	151,099,020

Part II Signature Block

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

Sign Here	Signature of officer Stephen O Scogna EVP/CFO Type or print name and title	2012-08-03 Date
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Paid Preparer Use Only	Print/Type preparer's name Firm's name ► ERNST & YOUNG US LLP Firm's address ► 155 NORTH WACKER DRIVE CHICAGO, IL 60606	Preparer's signature	Date	Check if self-employed ► <input type="checkbox"/>	PTIN
					Firm's EIN ►
					Phone no ► (312) 879-2000

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

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III **1 Briefly describe the organization's mission**

NORTHWEST COMMUNITY HOSPITAL EXISTS TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE AND TO MEET INDIVIDUALS' HEALTHCARE NEEDS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 53,227,428 including grants of \$ 0) (Revenue \$ 52,896,610)

CARDIAC NORTHWEST COMMUNITY HOSPITAL'S (HOSPITAL) CARDIAC CARE PROGRAM PROVIDED QUALITY, PATIENT-CENTERED COMPASSIONATE CARE, REGARDLESS OF ABILITY TO PAY, TO APPROXIMATELY 32,000 INPATIENTS AND OUTPATIENTS DURING FY 2011. THE TREATMENT WAS PROVIDED IN HOSPITAL'S STATE-OF-THE-ART DIGITAL CARDIAC CATH LAB SUITES, INCLUSIVE OF ITS HIGH TECH OPERATING ROOMS AND PRIVATE FAMILY-CENTERED PATIENT CARE ROOMS. AN ON-CALL TEAM OF NURSES, RADIOLOGY TECHS, OR TECHS, CARDIOLOGISTS AND SURGEONS WERE READILY AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK, TO PROVIDE EMERGENT CARE TO THOSE WITH CARDIAC DISEASE. THE CARDIAC TEAM WORKS WITH THE EMERGENCY ROOM AND MULTIPLE NEIGHBORING COMMUNITY PARAMEDICS AND EMERGENCY PERSONNEL TO EXCEED THE NATIONAL BENCHMARK OF DOOR TO BALLOON TIME (OR OPEN ARTERY) IN LESS THAN 90 MINUTES FOR PATIENTS PRESENTING IN HOSPITAL'S EMERGENCY ROOM HAVING AN ACUTE MI. HOSPITAL HAS BEEN REPEATEDLY RECOGNIZED FOR ITS COMMITMENT TO QUALITY OUTCOMES AND IS CURRENTLY RECOGNIZED AS AN ACCREDITED CHEST PAIN CENTER BY THE SOCIETY FOR CHEST PAIN CENTERS AND AN ACCREDITED ECHO LAB BY THE INTERSOCIETAL COMMISSION FOR THE ACCREDITATION OF ECHOCARDIOGRAPHY LABORATORIES (ICAEL). IN ADDITION, HOSPITAL HAS ALSO BEEN RECOGNIZED FIVE TIMES BETWEEN 2000 AND 2010 AS A THOMSON REUTERS TOP 100 HEART HOSPITAL FOR PROVIDING EXCELLENCE IN A COST-EFFECTIVE MANNER TO MULTIPLE CARDIAC PATIENT POPULATIONS. HOSPITAL HAS ALSO BEEN THE RECIPIENT OF MULTIPLE HEALTHGRADES AWARDS FOR EXCELLENCE IN CARDIAC SERVICES, MOST RECENTLY IN 2010. THE CARDIAC DEPARTMENT ALSO PROVIDES MULTIPLE SCREENING AND EDUCATION PROGRAMS, INCLUDING FREE INDIVIDUAL CONSULTATIONS WITH CARDIAC REHAB PERSONNEL FOR COMMUNITY MEMBERS CONSIDERED TO BE AT RISK FOR DEVELOPING HEART DISEASE BASED ON THEIR COMPLETION OF HOSPITAL'S ON LINE SCREENING TOOL. IN FEBRUARY 2011, HOSPITAL HOSTED A COMMUNITY EVENT WHICH PROVIDED FREE BLOOD PRESSURE, CHOLESTEROL AND BMI SCREENINGS WHICH WERE USED TO CALCULATE AN INDIVIDUAL'S RISKS OF DEVELOPING HEART DISEASE. IN ADDITION, PHYSICIANS PROVIDED EDUCATION ON HEART HEALTH AND WELLNESS. OVER 300 PEOPLE PARTICIPATED IN THE EVENT.

4b (Code) (Expenses \$ 41,491,548 including grants of \$ 0) (Revenue \$ 33,649,484)

GENERAL SURGERY HOSPITAL'S GENERAL SURGERY PROGRAM PROVIDED QUALITY, PATIENT-CENTERED, COMPASSIONATE CARE, REGARDLESS OF ABILITY TO PAY, TO 3,180 GENERAL SURGICAL PATIENTS (INPATIENT AND OUTPATIENT) DURING FY 2011. PROCEDURES WERE PERFORMED IN STATE-OF-THE-ART OPERATING ROOMS WHICH INCLUDED THREE DEDICATED MINIMALLY INVASIVE SURGERY SUITES. THE GENERAL SURGERY PROGRAM PROVIDED CARE FOR BOTH PEDIATRIC AND ADULT POPULATIONS IN FY 2011. HOSPITAL PARTNERED WITH CHILDREN'S MEMORIAL HOSPITAL IN CHICAGO TO PLAN FOR A NEONATAL SURGERY PROGRAM TO SUPPORT ITS NEW LEVEL 3 NICU. THE GENERAL SURGERY PROGRAM ALSO INCLUDED DAVINCI ROBOTIC CAPABILITIES AND A DEDICATED PANCREATIC SURGERY PROGRAM. GENERAL SURGERY SERVICES WERE PROVIDED 24 HOURS A DAY, 7 DAYS A WEEK, AND THE PROGRAM WAS DESIGNATED A LEVEL 2 TRAUMA CENTER. HOSPITAL RECEIVED MULTIPLE HEALTHGRADES AWARDS WHICH INCLUDE GI SERVICES. GENERAL SURGERY MORTALITY AND SURGICAL SITE INFECTIONS OBSERVED TO EXPECTED RATIOS WERE IN THE "LOW" RANGE BASED ON HOSPITAL'S CASE MIX INDEX. A MULTIDISCIPLINARY TEAM WORKED TO IMPROVE RESULTS IN THE SURGICAL CARE IMPROVEMENT PROJECT'S CORE MEASURES. AN ADVANCED PRACTICE NURSE WAS HIRED TO OVERSEE SURGICAL OUTCOMES AND IMPROVE PERFORMANCE IN ALL SURGICAL SPECIALTY AREAS. AREAS OF CONCENTRATION INCLUDED ANTIBIOTICS ADMINISTERED WITHIN 60 MINUTES OF INCISION, APPROPRIATE ANTIBIOTICS ADMINISTERED, ANTIBIOTICS DISCONTINUED WITHIN 24 HOURS, APPROPRIATE HAIR REMOVAL, URINARY CATHETER REMOVED POST-OP DAY 1 OR 2, SURGERY TEMPERATURE MANAGEMENT, BETA BLOCKER PRIOR TO SURGERY AND VTE PROPHYLAXIS. THE MAJORITY OF HOSPITAL'S OUTCOME MEASURES WERE AT OR ABOVE BENCHMARK LEVELS.

4c (Code) (Expenses \$ 34,301,326 including grants of \$ 0) (Revenue \$ 27,461,105)

ORTHOPEDICS HOSPITAL'S ORTHOPEDIC PROGRAM PROVIDES QUALITY, PATIENT CENTERED COMPASSIONATE CARE, REGARDLESS OF ABILITY TO PAY, 24 HOURS A DAY, 7 DAYS A WEEK TO ADULT AND GERIATRIC PATIENTS REQUIRING ORTHOPEDIC INTERVENTION WITH CASE MANAGEMENT INTEGRATED INTO THE DELIVERY OF CARE. THE UNIT TEAM, PRIMARILY COMPOSED OF REGISTERED NURSES, ASSISTED BY PATIENT CARE TECHNICIANS, PHYSICAL, RESPIRATORY, OCCUPATIONAL AND SPEECH THERAPISTS, DIETITIANS, CHAPLAINS AND PHARMACISTS, PROVIDES EVALUATION AND TREATMENT OF ILLNESS IN THE ACUTE PHASE AND ADVANCED CLINICAL MANAGEMENT OF THE ORTHOPEDIC PATIENT. PATIENT-FOCUSED CARE AND EDUCATION ARE PROVIDED IN RESPONSE TO A NUMBER OF DIAGNOSES, INCLUDING TOTAL JOINT REPLACEMENT, FRACTURES, NON-HEAD INJURIES, BACK PAIN, AND EPIDURAL INTERVENTION. FORM 990, PART III - OTHER PROGRAM SERVICES, LINE 4D GASTROENTEROLOGY HOSPITAL'S GASTROENTEROLOGY (GI) CENTER PROVIDES QUALITY, PATIENT-CENTERED COMPASSIONATE CARE TO PATIENTS, IN NEED OF DIAGNOSTIC AND THERAPEUTIC ENDOSCOPIC PROCEDURES REGARDLESS OF ABILITY TO PAY, 24 HOURS A DAY, 7 DAYS A WEEK. THE GI CENTER HAS BECOME A REGIONAL REFERRAL CENTER FOR PATIENTS IN NEED OF INTERVENTIONAL PROCEDURES INCLUDING ENDOSCOPIC RETROGRADE CHOLANGIOPANCREATOGRAPHY AND ENDOSCOPIC ULTRASOUND. A STATE-OF-THE-ART INTERVENTIONAL SUITE OFFERS PATIENTS ACCESS TO SUPERIOR QUALITY CARE BY PROVIDING DIGITAL IMAGING. HOSPITAL'S INTERVENTIONAL TEAM IS LED BY AN EXPERT INTERVENTIONAL PHYSICIAN AND AN INTERVENTIONAL PROCEDURE CONSULTANT. THIS TEAM PROVIDES SAME-DAY CARE FOR PATIENTS IN AND BEYOND HOSPITAL'S SERVICE AREA WHO ARE IN NEED OF INTERVENTIONAL PROCEDURES. IN FY 2011 THE GI CENTER PROVIDED SERVICE FOR 12,951 PATIENTS. IN ADDITION TO THE PROGRAM SERVICES LISTED ABOVE, HOSPITAL PROVIDES MANY OTHER HEALTHCARE SERVICES ON A DAILY BASIS. THESE ADDITIONAL PROGRAMS INCLUDE CLINICAL EDUCATION AND RESEARCH, NEONATAL CARE, AND EMERGENCY CARE. HOSPITAL IS A SUBSIDIARY ENTITY OF NORTHWEST COMMUNITY HEALTHCARE (NCH). NCH WAS ESTABLISHED TO OWN, OPERATE, CONTROL, AND OTHERWISE COORDINATE THE DELIVERY OF HEALTHCARE WITHIN THE SERVICE AREA OF HOSPITAL AND COORDINATE THE ACTIVITIES OF THE VARIOUS CORPORATIONS AFFILIATED WITH NCH. SUBSIDIARIES OF NCH INCLUDE HOSPITAL, NORTHWEST COMMUNITY HOSPITAL FOUNDATION (FOUNDATION) AND NORTHWEST COMMUNITY DAY SURGERY CENTER, INC., (DAY SURGERY CENTER) WHICH ARE NOT-FOR-PROFIT ENTITIES, NORTHWEST COMMUNITY HEALTH SERVICES, INC., WHICH OWNS AND OPERATES THE NCH MEDICAL GROUP, A MULTI-SPECIALTY PHYSICIAN PRACTICE THAT WAS ESTABLISHED IN 2010 AND NPC-CYBERKNIFE, LLC, WHICH ARE TAXABLE ENTITIES, AND NCH CASUALTY INSURANCE SPC LIMITED (NCHCI), A CAYMAN ISLANDS CORPORATION.

4d Other program services (Describe in Schedule O)

(Expenses \$ 266,880,243 including grants of \$ 2,958,497) (Revenue \$ 350,889,565)

4e Total program service expenses \$ 395,900,545

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.

2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.

6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.

10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V.

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? If "Yes," complete Schedule D, Part VI.

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part 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)? If "Yes," complete Schedule D, Part XI.

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV.

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Parts II and IV.

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Parts III and IV.

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions).

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II.

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H.

b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		
6		No
7		No
8		No
9		No
10	Yes	
11a	Yes	
11b		No
11c		No
11d		No
11e	Yes	
11f		No
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	444
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	3,860
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
<p>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p>			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).	7a	No
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?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
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?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	13a	
a	Is the organization licensed to issue qualified health plans in more than one state?		
<p>Note. See the instructions for additional information the organization must report on Schedule O</p>			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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

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

Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year

1a	18
1b	17

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?

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?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Does the organization have members or stockholders?

7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?

b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

b Each committee with authority to act on behalf of the governing body?

9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O

	Yes	No
2	Yes	
3		No
4		No
5		No
6	Yes	
7a	Yes	
7b	Yes	
8a	Yes	
8b	Yes	
9		No

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

10a Does the organization have local chapters, branches, or affiliates?

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?

11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?

b Describe in Schedule O the process, if any, used by the organization to review this Form 990

12a Does the organization have a written conflict of interest policy? If "No," go to line 13

b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done

13 Does the organization have a written whistleblower policy?

14 Does the organization have a written document retention and destruction policy?

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official

b Other officers or key employees of the organization

If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)

16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?

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?

	Yes	No
10a	Yes	
10b	Yes	
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13	Yes	
14	Yes	
15a	Yes	
15b	Yes	
16a		No
16b		

Section C. Disclosure

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

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

Own website Another's website Upon request

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

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

SANDY SORIA
3060 SALT CREEK LANE
ARLINGTON HEIGHTS, IL 60005
(847) 618-4636

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

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 ► 91

		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>	3	Yes
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>	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Deloitte Consulting LLP 111 South Wacker Dr CHICAGO, IL 60606	CONSULTING SERVICES	2,941,870
Siemens Medical Solutions USA Inc Dept CH 14195 PALATINE, IL 60055	IT SUPPORT	2,178,414
Finelight Inc 1801 South Liberty Drive Suite 300 BLOOMINGTON, IN 47403	MARKETING	1,869,827
HLS-Wheeling LLC 13028 Collection Center Dr CHICAGO, IL 60693	LAUNDRY SERVICES	1,794,848
Transcend Services Inc Dept 40089 PO Box 740209 ATLANTA, GA 30374	MED TRANSCRIPTION	1,581,436
2. Total number of independent contractors (including but not limited to those listed above) who received more than		

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 ►88

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections	
						512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	1,618,852				
	e Government grants (contributions)	1e	113,993				
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f		1,732,845				
Program Service Revenue	2a	Business Code					
	Net patient services	621110	460,812,809	460,812,809			
	b Lab services	621500	2,492,049	2,492,049			
	c Classes and training	900099	1,068,184	1,068,184			
	d Nursing services - Palatine Opportunity Center, IL	900099	176,364	176,364			
	e Research - Hos, GIS	900099	347,358	347,358			
	f All other program service revenue						
	g Total. Add lines 2a-2f		464,896,764				
3 Investment income (including dividends, interest and other similar amounts)			1,776,082			1,776,082	
4 Income from investment of tax-exempt bond proceeds			329			329	
5 Royalties			0				
6a Gross Rents	(I) Real	(II) Personal					
b Less rental expenses	2,498,292						
c Rental income or (loss)	1,146,765						
d Net rental income or (loss)	1,351,527		1,351,527			1,351,527	
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other					
b Less cost or other basis and sales expenses	372,116,417	169,443					
c Gain or (loss)	372,536,151	141,162					
d Net gain or (loss)	-419,734	28,281					
			-391,453			-391,453	
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18							
b Less direct expenses	b						
c Net income or (loss) from fundraising events			0				
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			0				
10a Gross sales of inventory, less returns and allowances	a						
b Less cost of goods sold	b	264,132					
c Net income or (loss) from sales of inventory		269,135					
			-5,003			-5,003	
Miscellaneous Revenue	Business Code						
11a CAFETERIA	722210	1,800,186				1,800,186	
b Reinsurance Recovery	900099	1,685,235				1,685,235	
c Communications	900099	336,516				336,516	
d All other revenue		846,563				846,563	
e Total. Add lines 11a-11d		4,668,500					
12 Total revenue. See Instructions		474,029,591	464,896,764	0	7,399,982		

Part IX Statement of Functional Expenses**Section 501(c)(3) and 501(c)(4) organizations must complete all columns.****All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).**

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	2,958,497	2,958,497		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	4,277,503		4,277,503	
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			
7 Other salaries and wages	184,665,591	149,061,791	35,603,800	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	11,424,292	8,945,227	2,479,065	
9 Other employee benefits	29,228,060	22,794,764	6,433,296	
10 Payroll taxes	13,028,675	10,394,517	2,634,158	
a Fees for services (non-employees) Management	0			
b Legal	810,970	23,706	787,264	
c Accounting	338,071		338,071	
d Lobbying	30,000		30,000	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	176,215		176,215	
g Other	25,615,079	11,473,517	14,141,562	
12 Advertising and promotion	1,826,109	7,220	1,818,889	
13 Office expenses	80,653,525	76,217,639	4,435,886	
14 Information technology	6,499,159	5,061,262	1,437,897	
15 Royalties	0			
16 Occupancy	9,817,170	8,825,108	992,062	
17 Travel	516,077	293,237	222,840	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	286,877	229,226	57,651	
20 Interest	8,193,608	8,193,608		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	40,268,458	30,997,149	9,271,309	
23 Insurance	6,942,266	6,724,572	217,694	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Bad Debt	41,968,664	41,968,664		
b Illinois provider tax	11,676,136	11,676,136		
c Dues	316,243	42,370	273,873	
d Other	464,151	12,335	451,816	
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	481,981,396	395,900,545	86,080,851	0
26 Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	16,891,000	1 15,555,289
	2 Savings and temporary cash investments	2,397,078	2 3,112,463
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	51,457,091	4 55,078,694
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	90,465	5 94,386
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L	6	
	7 Notes and loans receivable, net	283,430	7 305,372
	8 Inventories for sale or use	4,483,867	8 4,752,063
	9 Prepaid expenses and deferred charges	9,536,463	9 6,193,121
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 645,198,526	
	b Less accumulated depreciation	10b 245,766,920	10c 399,431,606
	11 Investments—publicly traded securities	104,611,294	11 94,056,794
	12 Investments—other securities See Part IV, line 11	12	
	13 Investments—program-related See Part IV, line 11	5,433,417	13 5,753,291
	14 Intangible assets	14	
	15 Other assets See Part IV, line 11	7,856,247	15 7,076,204
	16 Total assets. Add lines 1 through 15 (must equal line 34)	610,945,530	16 591,409,283
Liabilities	17 Accounts payable and accrued expenses	64,574,817	17 65,928,264
	18 Grants payable	18	
	19 Deferred revenue	6,463,988	19 3,090,185
	20 Tax-exempt bond liabilities	288,780,000	20 283,300,000
	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	80,898,436	25 87,991,814
	26 Total liabilities. Add lines 17 through 25	440,717,241	26 440,310,263
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	164,794,872	27 145,345,729
	28 Temporarily restricted net assets	4,475,858	28 4,793,222
	29 Permanently restricted net assets	957,559	29 960,069
	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	170,228,289	33 151,099,020
	34 Total liabilities and net assets/fund balances	610,945,530	34 591,409,283

Part XI Reconciliation of Net AssetsCheck 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	474,029,591
2 Total expenses (must equal Part IX, column (A), line 25)	2	481,981,396
3 Revenue less expenses Subtract line 2 from line 1	3	-7,951,805
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	170,228,289
5 Other changes in net assets or fund balances (explain in Schedule O)	5	-11,177,464
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	151,099,020

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

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

SCHEDULE A
(Form 990 or 990EZ)**Public Charity Status and Public Support****2010****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

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.

Name of the organization
Northwest Community Hospital

Employer identification number

36-2340313

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

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

1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state
 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III)
 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
 e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
 f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
 g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
 h Provide the following information about the supported organization(s)

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						►

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		►
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		►
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		►

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

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

Section A. Public Support

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

Section B. Total Support

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

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ►**Section C. Computation of Public Support Percentage**

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ►	
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ►	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ►	

Part IV

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

Additional Data**Software ID:****Software Version:****EIN:** 36-2340313**Name:** Northwest Community Hospital**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee	Highest compensated employee		
M Shan Atkins Director	1 0	X						0	0
James H Bishop Director	1 0	X						350	0
Beth A Brooks Director	1 0	X						0	0
Craig E Christell Director	1 0	X						550	0
Dale J Garber Director	1 0	X						0	0
Louis A Gatta Director	1 0	X						550	0
Charles A Hempfling Director	1 0	X						750	0
Diane G Hill Director	1 0	X						550	401
Francis J Lamberta MD Director/Med Staff Pres 2011	1 0	X						350	0
Robert J Longo MD Director	1 0	X						350	0
Allen S Malmed MD Director/Med Staff Pres 2010	10 0	X						48,550	0
Louis J Marsico Director	1 0	X						550	0
Ali N Shariatzadeh MD Director 2010	10 0	X						350	0
Donald D Torisky Director 2010	1 0	X						750	0
Marla E Glabe Director	1 0	X						0	0
Mary R Sheahen Director	1 0	X						350	0
William D Soper MD Director	1 0	X						0	0
Daniel P DiCaro Chairperson 2010	1 0	X		X				550	0
Max Brittain Jr Vice Chair 2010, Chair 2011	10 0	X		X				550	0
Thomas P MacCarthy Vice Chairperson 2011	10 0	X		X				350	0
Bruce K Crowther PRESIDENT/CEO/SECRETARY	26 0	X		X				573,021	218,463
Michael B Zenn Exec Vice Pres/COO/Treas 2010	31 0			X				639,498	163
Stephen O Scogna EXEC VICE PRES/CFO/TREAS 2011	31 0			X				0	81,911
Mark Lusson Exec VP Human Resources	40 0				X			291,773	63,908
Mary Stack VP Performance Improvement	40 0				X			169,224	42,722

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	
Robert Klasek VP Facilities Management	400				X			150,676	0 37,841
Gary Skiba VP Operational Services	400				X			168,119	0 36,390
Dale Beatty Exec VP Patient Services & CNO	380				X			272,752	0 37,913
Leighton Smith MD Exec VP Medical Affairs	400				X			483,902	0 78,607
GEORGE MORRIS VP Info Technology & CIO	400				X			212,991	0 44,240
LAURA POLLACK VICE PRESIDENT GROWTH	400				X			142,665	0 38,451
Ann Sayvetz General Counsel	400				X			250,702	0 28,330
Michael C Hartke Exec VP Clinics Regional Servs	400				X			355,659	38,562 30,119
Willis G Parsons MD Med Dir GI Center	400				X			1,735,307	0 16,642
Malcolm Bilmoria MD Gastroenterology Physician	400				X			1,439,819	0 37,765
Rameez Alasadi MD Gastroenterology Physician	400				X			733,332	0 26,520
Tahseen Mohammed MD Medical Dir M H Youth Servs	400				X			294,293	0 27,868
Sonia Mehta MD Exec Med Dir Immed Care OHS	400				X			312,872	0 36,865
Gail A Finn Vice President/ CFO	00					X		256,289	0 14,404
Dawn Walden VP Revenue Cycle Management	400					X		135,715	0 32,432
Angela Stefaniu VP Mktg Business Development	400					X		226,434	0 44,484

SCHEDULE C

Political Campaign and Lobbying Activities

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

► Complete if the organization is described below.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

2010

Open to Public
Inspection

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

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

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

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

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

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

Name of the organization
Northwest Community Hospital

Employer identification number

36-2340313

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

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

2 Political expenditures

3 Volunteer hours

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

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

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

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

4a Was a correction made? Yes No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

A Check if the filing organization belongs to an affiliated group
B Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

1a Total lobbying expenditures to influence public opinion (grass roots lobbying)**b** Total lobbying expenditures to influence a legislative body (direct lobbying)**c** Total lobbying expenditures (add lines 1a and 1b)**d** Other exempt purpose expenditures**e** Total exempt purpose expenditures (add lines 1c and 1d)**f** Lobbying nontaxable amount Enter the amount from the following table in both columns

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

g Grassroots nontaxable amount (enter 25% of line 1f)**h** Subtract line 1g from line 1a If zero or less, enter -0-**i** Subtract line 1f from line 1c If zero or less, enter -0-**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? Yes No**4-Year Averaging Period Under Section 501(h)**

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

	(a)		(b)
	Yes	No	
			Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?	Yes		30,000
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		52,045
j Total lines 1c through 1i			82,045
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Lobbying Activities	Part II-B, Line 1F	Northwest Community Hospital pays dues to certain hospital associations which use a portion of these dues for lobbying

SCHEDULE D

(Form 990)

Supplemental Financial Statements**2010****Open to Public Inspection**Department of the Treasury
Internal Revenue Service

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

Name of the organization
Northwest Community Hospital**Employer identification number**

36-2340313

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

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

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

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

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

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

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

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ► \$ _____

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	2,248,734	2,160,499	2,131,037		
b Contributions	169,337	9,266	39,825		
c Investment earnings or losses	-10,576	78,969	-10,363		
d Grants or scholarships	87,845				
e Other expenditures for facilities and programs	2,319,650	2,248,734	2,160,499		
g End of year balance					

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

a Board designated or quasi-endowment ► 51 000 %

b Permanent endowment ► 49 000 %

c Term endowment ► 0 %

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

	Yes	No
3a(i) unrelated organizations		No
3a(ii) related organizations	Yes	

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

	Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,789,072			1,789,072
b Buildings		307,048,484	98,457,960		208,590,524
c Leasehold improvements		213,114,236	90,707,544		122,406,692
d Equipment		105,980,254	48,206,919		57,773,335
e Other		17,266,480	8,394,497		8,871,983
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					399,431,606

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
TRANSFER AND IMPAIRMENT OF GOODWILL	SCHEDULE D, SUPPLEMENTAL INFORMATION	DURING FY 2011, THE HOSPITAL PURCHASED CERTAIN BUSINESS LINES FROM NORTHWEST COMMUNITY HEALTH SERVICES, INC. NEW ACCOUNTING GUIDANCE REQUIRED AN IMPAIRMENT TEST WHICH RESULTED IN THE WRITE-OFF OF GOODWILL IN ITS ENTIRETY (\$6,748,415) SEE THE AUDITED FINANCIAL STATEMENTS FOR MORE INFORMATION
DESCRIPTION OF INTENDED USES OF ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	ENDOWMENT FUNDS ARE CREATED ACCORDING TO HOSPITAL NEEDS AND DESIGNATION OR PREFERENCES OF THE DONOR(S) SUPPORTING THE ENDOWMENT FUND SCHOLARSHIP FUNDS, CONTINUED EDUCATION, OR FUNDS FOR PATIENT CARE IN A HOSPITAL DEPARTMENT DESIGNATED BY THE ENDOWMENT FUND ARE EXAMPLES OF FUND USES

2010

Open to Public
InspectionSCHEDULE H
(Form 990)Department of the Treasury
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.Name of the organization
Northwest Community Hospital

Employer identification number

36-2340313

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

	Yes	No
1a	Yes	
1b	Yes	
3a	Yes	
3b	Yes	
4	Yes	
5a	Yes	
5b		No
5c		
6a	Yes	
6b	Yes	

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			6,886,446	0	6,886,446	1 570 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			39,525,477	26,631,340	12,894,137	2 930 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d Total Financial Assistance and Means-Tested Government Programs			46,411,923	26,631,340	19,780,583	4 500 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,303,050	66,579	1,236,471	0 280 %
f Health professions education (from Worksheet 5)			1,102,861	546,292	556,569	0 130 %
g Subsidized health services (from Worksheet 6)			306,964	52,482	254,482	0 060 %
h Research (from Worksheet 7)			28,000	0	28,000	0 010 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			612,877	0	612,877	0 140 %
j Total Other Benefits			3,353,752	665,353	2,688,399	0 620 %
k Total. Add lines 7d and 7j			49,765,675	27,296,693	22,468,982	5 120 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1		No
2 Enter the amount of the organization's bad debt expense (at cost)	2	11,730,242	
3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	1,055,722	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	157,977,945
6 Enter Medicare allowable costs of care relating to payments on line 5	6	201,103,780
7 Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-43,125,835
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

Cost accounting system

Cost to charge ratio

Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
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Part V Facility Information

Section A. Hospital Facilities

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

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

Part V Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

How many non-hospital facilities did the organization operate during the tax year? **11**

Name and address	Type of Facility (Describe)
1	See Additional Data Table

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
PART I, LINE 3C		CHARITY CARE POLICY THE HOSPITAL PROVIDES EMERGENT AND MEDICALLY NECESSARY SERVICES TO ALL PATIENTS WITHOUT REGARD TO THE PATIENT'S ABILITY TO PAY THE WRITTEN CHARITY CARE POLICY IS WIDELY DISTRIBUTED AND COMMUNICATED TO THE COMMUNITY UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, THE AMOUNT OF FREE CARE PROVIDED IS DETERMINED BY FINANCIAL NEED AND IS NOT LIMITED BY BUDGETED AMOUNTS PATIENTS EARNING LESS THAN 200% OF THE FEDERAL POVERTY GUIDELINES RECEIVE FREE CARE AND THOSE BETWEEN 200% AND 400% OF THE GUIDELINES RECEIVE DISCOUNTED CARE ON A SLIDING SCALE THE FINANCIAL ASSISTANCE PROGRAM LOOKS AT BOTH THE CURRENT INCOME AND THE INCOME FROM THE PREVIOUS YEAR (AS DISPLAYED IN TAX DOCUMENTS) AND THEN CALCULATES POTENTIAL BENEFITS BASED UPON EACH VARIABLE, OFFERING ITS PATIENT'S THE MOST GENEROUS BENEFIT THIS POLICY ACKNOWLEDGES THE FRAGILE NATURE OF EMPLOYMENT AND THE IMPACT OF PREVIOUS YEAR HARDSHIPS CONSISTENT WITH THE ILLINOIS UNINSURED PATIENT DISCOUNT ACT, PATIENTS WITHOUT INSURANCE COVERAGE ARE ELIGIBLE FOR A DISCOUNT IF THEIR INCOME IS AT OR BELOW 600% OF THE FEDERAL POVERTY GUIDELINES OF THE REMAINING BALANCE, THE PATIENT'S LIABILITY IS CAPPED AT 25% OF THE FAMILY'S ANNUAL INCOME

Identifier	ReturnReference	Explanation
PART I, LINE 6A		COMMUNITY BENEFIT REPORT THE HOSPITAL'S COMMUNITY BENEFIT ACTIVITIES ARE INCLUDED IN AN ANNUAL REPORT ISSUED BY NORTHWEST COMMUNITY HEALTHCARE, THE SOLE CORPORATE MEMBER OF THE HOSPITAL

Identifier	ReturnReference	Explanation
PART I, LINE 7		<p>COSTING METHODOLOGY THE FOLLOWING METHODOLOGIES WERE USED TO DETERMINE THE AMOUNTS REPORTED IN THE TABLE FOR LINE 7 PART I, LINES 7A - 7D, RATIO OF COST TO CHARGES AS DETERMINED USING WORKSHEET 2 IN THE FORM 990, SCHEDULE H INSTRUCTIONS PART I, LINES 7E - 7I, COSTS WERE DETERMINED USING THE DIRECT COSTS FOR THE SPECIFIC PROGRAM OR SERVICE FROM THE HOSPITAL'S GENERAL LEDGER SYSTEM, WHICH ADDRESSES ALL PATIENT SEGMENTS PART I, LINE 7G SUBSIDIZED HEALTH SERVICES THE HOSPITAL HAS NOT INCLUDED ANY COSTS RELATED TO A PHYSICIAN CLINIC AS PART OF SUBSIDIZED HEALTH SERVICES PART IV, LINE 7, COLUMN (F) BAD DEBT EXPENSE THE AMOUNT OF BAD DEBT EXPENSE INCLUDED IN PART IX, LINE 25, COLUMN (A) THAT WAS EXCLUDED FROM THE CALCULATION OF THIS PERCENTAGE WAS \$41,968,664</p>

Identifier	ReturnReference	Explanation
PART III, LINE 1		BAD DEBT EXPENSE THE HOSPITAL RECORDS BAD DEBT EXPENSE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) HFMA STATEMENT 15 IS FOLLOWED TO THE EXTENT THAT IT ALIGNS WITH THE GUIDELINES PER GAAP

Identifier	ReturnReference	Explanation
PART III, LINE 4		<p>BAD DEBT EXPENSE NORTHWEST COMMUNITY HOSPITAL IS INCLUDED IN THE AUDITED FINANCIAL STATEMENTS OF NORTHWEST COMMUNITY HEALTHCARE (NCH) AND SUBSIDIARIES THE TEXT OF THE FOOTNOTE REFERENCING BAD DEBT EXPENSE IN THE FY 2011 AUDIT IS AS FOLLOWS "[NCH] EVALUATES THE COLLECTABILITY OF ITS ACCOUNTS RECEIVABLE BASED ON THE LENGTH OF TIME THE RECEIVABLE IS OUTSTANDING, PAYOR CLASS AND THE ANTICIPATED FUTURE COLLECTIBLE AMOUNTS BASED ON HISTORICAL EXPERIENCE ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE " WRITE-OFFS ARE SHOWN NET OF CONTRACTUALS AND DISCOUNTS THE HOSPITAL'S BAD DEBT EXPENSE AS REPORTED ON LINES 2 AND 3 WAS DETERMINED USING THE COST TO CHARGE RATIO CALCULATED USING WORKSHEET 2 IN THE FORM 990, SCHEDULE H INSTRUCTIONS FOR FY 2011, THE HOSPITAL RECORDED PROVISIONS FOR BAD DEBT EXPENSE OF \$11,730,242 (AT CHARGES) OF WHICH IT IS ESTIMATED THAT 9% OF THIS AMOUNT WOULD HAVE BEEN REPORTED AS CHARITY IF THE PATIENT WOULD HAVE FULLY COMPLETED THE CHARITY APPLICATION PROCESS THIS ESTIMATE IS BASED ON PATIENTS WHO BEGAN THE FINANCIAL ASSISTANCE PROCESS BUT DID NOT RESPOND TO THE HOSPITAL'S REQUEST FOR ADDITIONAL INFORMATION AND/OR COMPLETE THE APPLICATION FOR DETERMINATION THESE PATIENTS WERE DEEMED VIABLE CANDIDATES TO RECEIVE FINANCIAL ASSISTANCE FOR THEIR SERVICES BY THE HOSPITAL'S FINANCIAL COUNSELORS THE FINANCIAL COUNSELORS FOLLOWED UP IN WRITING AND BY PHONE IN AN ATTEMPT TO OBTAIN THE NECESSARY INFORMATION FOR THE FINANCIAL ASSISTANCE DETERMINATION</p>

Identifier	ReturnReference	Explanation
PART III, LINE 8		MEDICARE SHORTFALL THE MEDICARE SHORTFALL REPORTED IN PART III, LINE 7 SHOULD BE TREATED AS COMMUNITY BENEFIT BECAUSE (A) WITHOUT THE MEDICARE PROGRAM, IT IS LIKELY THAT MANY OF THESE INDIVIDUALS WOULD QUALIFY FOR CHARITY CARE OR MEDICAID, (B) BY THE HOSPITAL ACCEPTING PAYMENT BELOW COST TO TREAT THESE PATIENTS, THE BURDENS OF GOVERNMENT ARE RELIEVED WITH RESPECT TO THESE INDIVIDUALS, (C) THERE IS A SIGNIFICANT POSSIBILITY THAT CONTINUED REDUCTIONS IN MEDICARE REIMBURSEMENT MAY ACTUALLY REDUCE ACCESS TO CARE FOR THESE INDIVIDUALS, AND (D) THE AMOUNT SPENT BY THE HOSPITAL TO COVER THE MEDICARE SHORTFALL IS MONEY NOT AVAILABLE TO OTHER COMMUNITY NEEDS

Identifier	ReturnReference	Explanation
Part III, LINE 9B		<p>COLLECTION PRACTICES IT IS THE POLICY OF THE HOSPITAL TO OFFER PATIENTS A PAYMENT PLAN OR FINANCIAL ASSISTANCE WHEN IT BECOMES KNOWN OR SUSPECTED THAT A PATIENT NEEDS SUCH ASSISTANCE FINANCIAL COUNSELORS CONTACT AND WORK WITH THE PATIENT OR THEIR FAMILY TO HELP DETERMINE IF THERE ARE ANY THIRD PARTY PAYORS WHICH MAY BE AVAILABLE TO HELP THE PATIENT MEET THEIR OBLIGATIONS, SUCH AS MEDICAID, COBRA, WORKERS COMPENSATION, OR SPECIALIZED GRANT PROGRAMS IF NO THIRD PARTY PROGRAMS ARE IDENTIFIED, THE FINANCIAL COUNSELORS WORK WITH THE PATIENT TO HELP THEM APPLY FOR CHARITY DISCOUNTS OR PAYMENT PLANS FORMS ARE AVAILABLE IN ENGLISH AND SPANISH, AND TRANSLATION SERVICES ARE PROVIDED IN MANY LANGUAGES IN ADDITION, ALL PATIENT BILLS AND STATEMENTS INCLUDE INFORMATION ABOUT HOW TO APPLY FOR FINANCIAL ASSISTANCE AND THE INFORMATION IS ALSO POSTED ON THE HOSPITAL'S WEBSITE COLLECTION ACTIVITY WILL BE SUSPENDED DURING THE CONSIDERATION OF A COMPLETED FINANCIAL ASSISTANCE APPLICATION OR AN APPLICATION FOR ANY OTHER HEALTHCARE BRACKET (I E, MEDICARE, MEDICAID, ETC) A NOTE IS ENTERED INTO THE PATIENT'S ACCOUNT TO SUSPEND COLLECTION ACTIVITY UNTIL THE FINANCIAL ASSISTANCE PROCESS IS COMPLETED ACCOUNTS IN THE FINANCIAL ASSISTANCE PROCESS WILL BE MONITORED AND, UPON THE DECISION TO APPROVE OR DENY FINANCIAL ASSISTANCE, THE PATIENT'S ACCOUNT WILL BE UPDATED IF THE FINANCIAL ASSISTANCE APPLICATION IS APPROVED WITH A PERCENTAGE LESS THAN 100% OR DENIED, THE PATIENT'S ACCOUNT WILL BE NOTED AND THE HOSPITAL WILL RESUME THE SELF PAY COLLECTION ACTIVITY IN COMPLIANCE WITH ITS SELF PAY FOLLOW-UP PROCEDURES</p>

Identifier	ReturnReference	Explanation
Part VI, LINE 2		<p>NEEDS ASSESSMENT IN 2010, THE HOSPITAL PARTICIPATED IN A REGIONAL COMMUNITY HEALTH NEEDS ASSESSMENT OFFERED BY THE METROPOLITAN CHICAGO HEALTHCARE COUNCIL (MCHC) IN PARTNERSHIP WITH PROFESSIONAL RESEARCH CONSULTANTS (PRC) THE ASSESSMENT CONSISTED OF A 30-MINUTE TELEPHONE HEALTH SURVEY THAT WAS CONDUCTED IN ENGLISH AND SPANISH OVER 1,200 SURVEYS WERE CONDUCTED, WITH 240 IN THE NORTHWEST REGION OF THE COUNTY, WHERE THE HOSPITAL IS LOCATED. CAREFUL CONSIDERATION WAS TAKEN TO ENSURE THAT THE DEMOGRAPHICS OF THOSE PARTICIPATING IN THE SURVEY MIRRORED THE DEMOGRAPHICS OF THE COMMUNITY. THE GOAL OF THE SURVEY WAS TO TARGET ACTUAL HEALTH STATUS, BEHAVIOR AND EXPERIENCES, RATHER THAN PERCEPTIONS. ISSUES ADDRESSED INCLUDED SELF-REPORTED HEALTH STATUS, PHYSICAL HEALTH STATUS, MENTAL HEALTH STATUS, DEATH AND DISABILITY, INFECTION AND CHRONIC DISEASE, BIRTHS, CHILDREN'S HEALTH STATUS, MODIFIABLE HEALTH RISKS, ACCESS TO HEALTHCARE, HEALTH EDUCATION AND OUTREACH, AND HEALTH INFORMATION SOURCES. THE ASSESSMENT ALSO INTEGRATED THE MOST RECENT SECONDARY PUBLIC HEALTH DATA TO COMPLEMENT THE PRIMARY TELEPHONE SURVEY DATA. A HOSPITAL TEAM COMPRISED OF REPRESENTATIVES FROM COMMUNITY SERVICES, IMMEDIATE CARE/WELLNESS, FINANCE, NURSING AND MARKETING DEPARTMENTS THEN REVIEWED RESULTS FOR THE HOSPITAL'S PRIMARY AND SECONDARY SERVICE AREA AND COMPARED IT TO LOCAL, STATE, AND NATIONAL DATA AS WELL AS HEALTHY PEOPLE BENCHMARKS. COMMUNITY HEALTH IMPROVEMENT PLANS WERE DEVELOPED AND PRESENTED TO THE COMMUNITY HEALTH AND OUTREACH COMMITTEE, A COMMITTEE OF THE BOARD OF DIRECTORS, FOR FINAL APPROVAL. THE MOST PREDOMINANT FUNDING WAS THE DIFFICULTY THE COMMUNITY HAS IN ACCESSING HEALTHCARE SERVICES WHICH INCLUDES PRIMARY, ORAL, AND BEHAVIORAL HEALTH SERVICES, AS WELL AS PRESCRIPTION MEDICATION. ASSESSMENT FINDINGS SHOWED THAT 39.2% OF THOSE SURVEYED HAD DIFFICULTY ACCESSING PRIMARY HEALTH CARE IN THE PAST YEAR, 22.4% HAD NOT SEEN A DENTIST IN THE PAST YEAR, AND 16.5% OF THE SURVEYED POPULATION REPORTED SKIPPING PRESCRIPTIONS TO SAVE ON COSTS. ANOTHER MAJOR CONCERN AND FOCUS OF THE COMMUNITY HEALTH IMPROVEMENT PLANS WAS IN RESPONSE TO THE STARTLING OBESITY RATES, WITH 48.2% OF THE HOSPITAL'S SERVICE AREA BEING OVERWEIGHT OR OBESE. THROUGHOUT FY 2011, THE HOSPITAL'S COMMUNITY SERVICES DEPARTMENT, WITH OVERSIGHT FROM THE COMMUNITY HEALTH AND OUTREACH COMMITTEE, CONTINUALLY REVIEWED THE IDENTIFIED HEALTH CONCERN AND THE COMMUNITY HEALTH IMPROVEMENT PLANS THAT WERE IMPLEMENTED TO ADDRESS THE NEEDS. MEASUREMENT TOOLS WERE DEVELOPED FOR ALL PROGRAMS AND MONITORED REGULARLY TO ENSURE THEIR IMPACT AND EFFECTIVENESS. ALSO IN 2011, THE HOSPITAL WAS GIVEN THE OPPORTUNITY TO PROVIDE SUGGESTIONS AND FEEDBACK TO MCHC ON THE 2010 ASSESSMENT TOOL WHICH WILL BE INCORPORATED INTO THE NEXT ASSESSMENT THEY CONDUCT IN 2012. THE HOSPITAL HAS ALREADY COMMITTED TO PARTICIPATING IN THE NEXT ASSESSMENT AND WILL USE THE FINDINGS OF THAT ASSESSMENT TO MAKE ANY MODIFICATIONS NEEDED TO THE CURRENT COMMUNITY HEALTH IMPROVEMENT PLAN.</p> <p>PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE THE FINANCIAL ASSISTANCE PROGRAM AT NORTHWEST COMMUNITY HOSPITAL IS COMMUNICATED WIDELY TO PATIENTS AND VISITORS IN ENGLISH AND SPANISH USING THE FOLLOWING METHODS:</p> <ul style="list-style-type: none"> (1) SIGNAGE IN ENGLISH AND SPANISH IS POSTED THROUGHOUT THE ORGANIZATION AT ALL ACCESS POINTS, INCLUDING THE EMERGENCY DEPARTMENT AND OUTPATIENT REGISTRATION AREAS. THESE AREAS ALSO STOCK AND MAKE AVAILABLE A BROCHURE, PRINTED IN ENGLISH AND SPANISH, DESCRIBING THE HOSPITAL'S POLICY. A FULL-TIME INTERPRETATION SERVICE DEPARTMENT IS AVAILABLE TO ASSIST THOSE WHO NEED ADDITIONAL INFORMATION IN OTHER LANGUAGES. IN 2011 THE HOSPITAL RESPONDED TO OVER 18,000 IN-PERSON REQUESTS AND 4,700 TELEPHONIC REQUESTS IN 45 DIFFERENT LANGUAGES. (2) EACH PAGE OF THE HOSPITAL'S WEBSITE (WWW.NCH.ORG) CONTAINS THE FOLLOWING FOOTNOTE: "NORTHWEST COMMUNITY HOSPITAL IS A CHARITABLE ORGANIZATION AND PROVIDES FINANCIAL ASSISTANCE TO THOSE WHO ARE ELIGIBLE. FOR MORE INFORMATION, CLICK HERE." A LINK TAKES VISITORS TO A SUBSEQUENT PAGE THAT DESCRIBES FINANCIAL ASSISTANCE/CHARITY CARE AND PROVIDES A PHONE NUMBER TO CONTACT AN NORTHWEST COMMUNITY HOSPITAL FINANCIAL COUNSELOR. APPLICATIONS FOR FINANCIAL ASSISTANCE, IN ENGLISH AND SPANISH, ARE AVAILABLE FOR DOWNLOAD ON THE HOSPITAL WEBSITE. (3) ALL EXTERNAL HOSPITAL PUBLICATIONS INCLUDE THE FOLLOWING NOTE: "NORTHWEST COMMUNITY HOSPITAL IS A CHARITABLE ORGANIZATION AND PROVIDES FINANCIAL ASSISTANCE TO PEOPLE WHO ARE ELIGIBLE. FOR MORE INFORMATION PLEASE CALL 847-618-4542 OR VISIT OUR WEBSITE AT WWW.NCH.ORG." (4) INFORMATION ON FINANCIAL ASSISTANCE IS INCLUDED WITH EVERY PATIENT BILL. (5) FINANCIAL COUNSELORS PROVIDE FINANCIAL ASSISTANCE INFORMATION TO PATIENTS DURING THEIR REGISTRATION AND WORK WITH PATIENTS IDENTIFIED AT REGISTRATION OR AFTER ADMISSION TO HELP THEM GET THE ASSISTANCE THEY NEED, ANSWER QUESTIONS, SET UP PAYMENT PLANS AND FACILITATE APPLICATIONS FOR GOVERNMENT PROGRAMS SUCH AS MEDICAI

Identifier	ReturnReference	Explanation
Part VI, LINE 2		<p>D PART VI, LINE 4 COMMUNITY INFORMATION</p> <p>NORTHWEST COMMUNITY HOSPITAL IS LOCATED IN ARLINGTON HEIGHTS, ILLINOIS, A SUBURB LOCATED APPROXIMATELY 25 MILES NORTHWEST OF CHICAGO ITS PRIMARY SERVICE AREA CONSISTS OF ARLINGTON HEIGHTS AND THE SURROUNDING SUBURBS OF MT PROSPECT, PALATINE, AND ROLLING MEADOWS. THE HOSPITAL'S SECONDARY SERVICE AREA IS COMPRISED OF BARRINGTON, BUFFALO GROVE, DES PLAINES, ELK GROVE VILLAGE, HOFFMAN ESTATES, LAKE ZURICH, PROSPECT HEIGHTS, SCHAUMBURG AND WHEELING. THESE AREAS HAVE A COMBINED POPULATION OF APPROXIMATELY 659,000 PEOPLE. THIS NUMBER HAS REMAINED FAIRLY STABLE AND GROWTH OVER THE NEXT 5 YEARS IS EXPECTED TO BE RELATIVELY FLAT. THE HOSPITAL'S TOTAL SERVICE AREA IS PREDOMINATELY CAUCASIAN (70%), FOLLOWED BY HISPANIC (13.9%), ASIAN (12.3%) AND ALL OTHER (3.8%). THE HISPANIC POPULATION IS EXPECTED TO GROW BY 12.1% AND THE ASIAN POPULATION 10.5% OVER THE NEXT 5 YEARS. OF INDIVIDUALS LIVING IN THE HOSPITAL'S TOTAL SERVICE AREA, 8.7% ARE ON MEDICAID AND, PENDING HEALTHCARE REFORM, THIS IS EXPECTED TO GROW BY 18.4% OVER THE NEXT FIVE YEARS. OVER THE PAST 10 YEARS, THERE HAS BEEN A DECIDED SHIFT IN THE AGE OF THOSE LIVING IN THE HOSPITAL'S SERVICE AREA. A PORTION OF THE 18-44 AGE GROUP MOVED INTO THE 45-64 AGE GROUP, RESULTING IN A 19.2% INCREASE. FURTHERMORE, IT IS ESTIMATED THAT IN THE NEXT 5 YEARS, THE AREA WILL SEE FURTHER MIGRATION INTO THE 65+ AGE GROUP. THERE ARE FOUR OTHER HOSPITALS LOCATED IN THE HOSPITAL'S SERVICE AREA. THE ENTIRE PRIMARY SERVICE AREA AND A SIGNIFICANT PORTION OF THE SECONDARY SERVICE AREA HAVE BEEN DESIGNATED AS A MEDICALLY-UNDERSERVED AREA. THE HOSPITAL SUPPORTS BOTH A FEDERALLY QUALIFIED HEALTH CENTER LOCATED ACROSS THE STREET FROM THE HOSPITAL, AND A COUNTY RUN PRIMARY CARE CLINIC, ALSO LOCATED IN THE HOSPITAL'S PRIMARY SERVICE AREA.</p> <p>PART VI, LINE 5 PROMOTION OF COMMUNITY HEALTH</p> <p>THE HOSPITAL PROMOTES THE HEALTH OF ITS COMMUNITY IN MANY WAYS AS FOLLOWS:</p> <ul style="list-style-type: none"> (1) A MAJORITY OF THE HOSPITAL'S BOARD OF DIRECTORS IS COMPRISED OF PERSONS WHO LIVE OR WORK IN THE HOSPITAL'S PRIMARY SERVICE AREA AND ARE NOT EMPLOYEES OR CONTRACTORS OF THE HOSPITAL. (2) A STANDING COMMUNITY HEALTH AND OUTREACH COMMITTEE OF THE HOSPITAL BOARD PROVIDES OVERSIGHT IN MONITORING AND EVALUATING THE EFFECTIVENESS OF ITS COMMUNITY BENEFIT PLAN, INCLUDING CHARITY CARE, COMMUNITY HEALTH EDUCATION, COMMUNITY MEDICAL/DENTAL CLINICS, AND COMMUNITY HEALTH IMPROVEMENT INITIATIVES. (3) MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE HOSPITAL'S COMMUNITY FOR SOME OF ITS DEPARTMENTS. (4) THE HOSPITAL MAINTAINS ANY SURPLUS FUNDS IN THE HOSPITAL ITSELF OR AT NORTHWEST COMMUNITY HEALTHCARE (A 501(C)(3) SUPPORTING ORGANIZATION AND SOLE MEMBER OF THE HOSPITAL) FOR FUNDING CAPITAL IMPROVEMENTS IN TECHNOLOGY, FACILITIES OR PATIENT CARE EQUIPMENT, AND SUPPORTING HOSPITAL OPERATIONS OR COMMUNITY OUTREACH INITIATIVES. (5) THE HOSPITAL HAS DEDICATED STAFF THAT SERVE AS MEMBERS, CHAIRPERSONS, OFFICERS, AND BOARD MEMBERS OF LOCAL AND NATIONAL ORGANIZATIONS DEVOTED TO IMPROVING THE HEALTH AND WELLBEING OF COMMUNITY MEMBERS. THESE ORGANIZATIONS INCLUDE WINGS (WOMEN IN NEED GROWING STRONGER), NORTHWEST SUBURBAN ALLIANCE ON DOMESTIC VIOLENCE, HARPER COLLEGE NURSING ADVISORY COMMITTEE, METROPOLITAN CHICAGO HEALTHCARE COUNCIL HEALTH CARE WORKFORCE ADVISORY INSTITUTE, SUSAN G KOMEN FOUNDATION, NORTHERN FOX VALLEY ONCOLOGY NURSING SOCIETY CHAPTER, CHICAGO DENTAL SOCIETY, HOSPICE OF NORTHEASTERN ILLINOIS, HEALTHWORLD, BRIDGE YOUTH AND FAMILY SERVICES, LITTLE CITY FOUNDATION HUMAN RIGHTS COMMITTEE, AS WELL AS LOCAL BOARD OF HEALTH DEPARTMENTS AND ROTARY CLUBS. (6) THE HOSPITAL HAS DEDICATED STAFF THAT ASSIST WITH ADVOCACY INITIATIVES TO PROMOTE COMMUNITY, STATE, AND NATIONAL EFFORTS TO IMPROVE THE HEALTH OF THE POPULATION. THIS INCLUDES THE OBESITY EPIDEMIC THROUGH THE EFFORTS OF THE ILLINOIS ALLIANCE TO PREVENT OBESITY AS WELL AS CANCER RESEARCH AND PREVENTION THROUGH THE AMERICAN CANCER SOCIETY. (7) COLLABORATIVE

Additional Data

Software ID:
Software Version:
EIN: 36-2340313
Name: Northwest Community Hospital

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest)	
How many non-hospital facilities did the organization operate during the tax year? <u>11</u>	
Name and address	Type of Facility (Describe)
NCH MENTAL HEALTH & YOUTH CENTER 901 W KIRCHOFF ROAD ARLINGTON HEIGHTS, IL 60005	IN & OUT MENTAL HEALTH AND YOUTH SUBSTANCE ABUSE TREATMENT
NCH IMMEDIATE CARE & IMAGING CENTER 519 S ROSELLE ROAD SCHAUMBURG, IL 60193	WALK IN URGENT CARE CENTER, IMAGING SERVICES & OUTPATIENT PHYSICAL MEDICINE SERVICES
NCH IMMEDIATE CARE & IMAGING CENTER 15 S MCHENRY ROAD BUFFALO GROVE, IL 60089	WALK IN URGENT CARE CENTER, IMAGING SERVICES & OUTPATIENT PHYSICAL MEDICINE SERVICES
NCH CARDIAC & PHYSICAL MEDICINE REHAB 900 W CENTRAL ROAD ARLINGTON HEIGHTS, IL 60005	OUTPATIENT CARDIAC REHAB PROGRAM AND PHYSICAL MEDICINE SERVICES
NORTHWEST COMMUNITY HOSPITAL HOME HEALTH 3060 SALT CREEK LANE ARLINGTON HEIGHTS, IL 60005	HOME HEALTHCARE SERVICES
NCH IMMEDIATE CARE & IMAGING CENTER 199 W RAND ROAD MOUNT PROSPECT, IL 60056	WALK IN URGENT CARE CENTER AND IMAGING SERVICES
NORTHWEST COMMUNITY HOSPITAL IMAGING 1450 BUSCH PARKWAY BUFFALO GROVE, IL 60089	IMAGING SERVICES
NCH OUTPATIENT CENTER 3300 KIRCHOFF ROAD ROLLING MEADOWS, IL 60008	OUTPATIENT PHYSICAL MEDICINE SERVICES
NCH IMMEDIATE CARE CENTER 1201 S RAND ROAD LAKE ZURICH, IL 60047	WALK IN URGENT CARE CENTER & OUTPATIENT PHYSICAL MEDICINE SERVICES
NCH PHYSICAL MEDICINE & REHAB 1590 N ARLINGTON HEIGHTS ROAD ARLINGTON HEIGHTS, IL 60005	OUTPATIENT PHYSICAL MEDICINE SERVICES
NCH OCCUPATIONAL WELLNESS & REHAB 455 S ROSELLE ROAD SCHAUMBURG, IL 60193	OCCUPATIONAL WELLNESS & REHAB

**Schedule I
(Form 990)****2010****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**

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

► Attach to Form 990

Name of the organization
Northwest Community HospitalEmployer identification number
36-2340313**Part I General Information on Grants and Assistance**

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ►

(1) (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AMERICAN CANCER SOCIETY 1114 N ARLINGTON HTS RD ARLINGTON HTS, IL 60067	13-1788491	501(c)(3)	10,000				RELAY FOR LIFE
(2) AMERICAN HEART ASSOCIATION PO BOX 4002902 DES MOINES, IA 50340	13-5613797	501(c)(3)	5,300				CHICAGO HEARTWALK
(3) HEKTOEN INSTITUTE LLC 2240 W OGDEN AVE CHICAGO, IL 60612	36-6006541	501(c)(3)	95,405				VISTA CLINIC SUPPORT
(4) SPECIAL LEISURE SERVICES FOUNDATION 3000 W CENTRAL STE 205 ROLLING MEADOWS, IL 60008	36-3145710	501(c)(3)	15,000				SPECIAL OLYMPICS
(5) NORTHWEST COMMUNITY HEALTHCARE 800 WEST CENTRAL RD ARLINGTON HTS, IL 60005	36-3125209	501(c)(3)	2,750,000				NET ASSET PAID
(6) GLOBUS RELIEF 1775 W 1500 SOUTH SALT LAKE CITY, UT 84104	84-1369453	501(c)(3)		237,911	FMV	MEDICAL SUPPLIES	MISSION TRIPS
(7) AMHE INCORPORATED 1166 EASTERN PKWY BROOKLYN, NY 11213	23-7357680	501(c)(3)		159,687	FMV	MEDICAL SUPPLIES	

2 Enter total number of section 501(c)(3) and government organizations ► 7

3 Enter total number of other organizations ► 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

Identifier	Return Reference	Explanation
Form 990, Schedule I	Description of Organization's Procedures for Monitoring the Use of Grants	Grants in support of Northwest Community Hospital's (HOSPITAL) mission are monitored by Northwest Community's Finance Committee and Board of Directors as part of the monthly review of Hospital's financial results. Significant grants to unrelated 501(c)(3) or governmental organizations are approved by Hospital's community services department and are monitored through ongoing interactions with officials of those recipients regarding program services provided in Hospital's service area.

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2010Department of the Treasury
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
► Attach to Form 990. ► See separate instructions.

Open to Public Inspection**Name of the organization**
Northwest Community Hospital**Employer identification number**

36-2340313

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> 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 in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

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

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

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

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

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

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN	SCHEDULE J, PART I, LINE 3	THE NOMINATION AND COMPENSATION COMMITTEE OF THE NORTHWEST COMMUNITY HEALTHCARE (NCH) BOARD IS RESPONSIBLE FOR SETTING THE COMPENSATION OF THE PRESIDENT/CEO. COMPENSATION IS REVIEWED USING AN EXTERNAL COMPENSATION FIRM, PINP, INC. THE REVIEW ALSO UTILIZES COMPARISONS TO SIMILAR ORGANIZATIONS THROUGH REVIEW OF FORMS 990, USE OF COMPARISON STUDIES FROM THE METROPOLITAN CHICAGO HEALTHCARE COUNCIL AND OTHER SOURCES. THE PROCESS IS DOCUMENTED IN THE MINUTES OF THE NOMINATION AND COMPENSATION COMMITTEE
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	THE FOLLOWING INDIVIDUALS RECEIVED SEVERANCE PAY DURING THE CALENDAR YEAR 2010 PURSUANT TO A WRITTEN SEPARATION AGREEMENT WITH THE HOSPITAL: GAIL A FINN \$226,468 ANGELA STEFANIU \$48,314
COMPENSATION BASED ON REVENUES OF THE ORGANIZATION	SCHEDULE J, PART I, LINE 5A	THE FOLLOWING GASTROENTEROLOGISTS RECEIVED BONUS PAYMENTS UNDER THE TERMS OF THEIR WRITTEN EMPLOYMENT CONTRACTS. THE AMOUNTS WERE BASED ON A PERCENTAGE OF PROFESSIONAL COLLECTIONS (I.E. COLLECTIONS FROM THE PHYSICIAN'S PERFORMANCE OF PROFESSIONAL MEDICAL SERVICES) EXCEEDING A SPECIFIED THRESHOLD UNTIL A CAP SPECIFIED IN THE CONTRACT IS REACHED. WILLIS G PARSONS, MD \$135,759 RAMEEZ ALASADI, MD \$67,879
SUPPLEMENTAL INFORMATION	SCHEDULE J, PART II, COLUMN C	CERTAIN OFFICERS AND KEY EMPLOYEES OF NORTHWEST COMMUNITY HOSPITAL PARTICIPATE IN A SECTION 457(F) DEFERRED COMPENSATION PLAN. CURRENT YEAR DEFERRED AMOUNTS ARE INCLUDED IN PART VII, COLUMN F AND SCHEDULE J, PART II, COLUMN C. CURRENT YEAR DISTRIBUTIONS, INCLUDED IN PART VII, COLUMN D, SCHEDULE J, PART II, COLUMN B(III), AND SCHEDULE J, PART II, COLUMN (F) ARE: GAIL A FINN \$24,710 MARK LUSSON \$65,291 ANGELA STEFANIU \$60,356

Software ID:
Software Version:
EIN: 36-2340313
Name: Northwest Community Hospital

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Bruce K Crowther	(i) 571,013 (ii) 0	0	2,008 0	201,820 0	16,643 0	791,484 0	0 0
Michael B Zenn	(i) 637,690 (ii) 0	0 0	1,808 163	63,787 0	18,124 0	721,409 163	0 0
Mark Lusson	(i) 224,424 (ii) 0	0 0	67,349 0	52,333 0	11,575 0	355,681 0	65,291
Mary Stack	(i) 167,416 (ii) 0	0 0	1,808 0	29,016 0	13,706 0	211,946 0	0 0
Dawn Walden	(i) 108,290 (ii) 0	0 0	27,425 0	24,421 0	8,011 0	168,147 0	0 0
Angela Stefanu	(i) 101,520 (ii) 0	0 0	124,914 0	24,419 0	20,065 0	270,918 0	60,356
Robert Klasek	(i) 149,130 (ii) 0	0 0	1,546 0	26,934 0	10,907 0	188,517 0	0 0
Gary Skiba	(i) 166,311 (ii) 0	0 0	1,808 0	24,483 0	11,907 0	204,509 0	0 0
Willis G Parsons MD	(i) 1,599,548 (ii) 0	135,759 0	0 0	14,700 0	1,942 0	1,751,949 0	0 0
Malcolm Bilmoria MD	(i) 1,439,819 (ii) 0	0 0	0 0	14,700 0	23,065 0	1,477,584 0	0 0
Rameez Alasadı MD	(i) 665,453 (ii) 0	67,879 0	0 0	9,900 0	16,620 0	759,852 0	0 0
Tahseen Mohammed MD	(i) 265,490 (ii) 0	0 0	28,803 0	14,700 0	13,168 0	322,161 0	0 0
Sonia Mehta MD	(i) 303,264 (ii) 0	0 0	9,608 0	9,800 0	27,065 0	349,737 0	0 0
Gail A Finn	(i) 3,503 (ii) 0	0 0	252,786 0	13,517 0	887 0	270,693 0	24,710
Dale Beatty	(i) 254,944 (ii) 0	0 0	17,808 0	30,312 0	7,601 0	310,665 0	0 0
Leighton Smith MD	(i) 413,459 (ii) 0	0 0	70,443 0	64,700 0	13,907 0	562,509 0	0 0
GEORGE MORRIS	(i) 211,083 (ii) 0	0 0	1,908 0	27,175 0	17,065 0	257,231 0	0 0
LAURA POLLACK	(i) 140,807 (ii) 0	0 0	1,858 0	23,327 0	15,124 0	181,116 0	0 0
Ann Sayvetz	(i) 248,894 (ii) 0	0 0	1,808 0	14,611 0	13,719 0	279,032 0	0 0
Michael C Hartke	(i) 355,412 (ii) 38,315	0 0	247 247	22,169 2,169	2,893 2,888	380,721 43,619	0 0

**Schedule K
(Form 990)****2010****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Supplemental Information on Tax Exempt Bonds**

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

► Attach to Form 990. ► See separate instructions.

Name of the organization
Northwest Community HospitalEmployer identification number
36-2340313**Part I Bond Issues**

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	ILLINOIS FINANCE AUTHORITY	86-1091967	45200FNR6	09-19-2008	151,075,932	SEE PART V		X		X		X
B	ILLINOIS FINANCE AUTHORITY	86-1091967	45200FNU9	10-17-2008	86,820,000	SEE PART V		X		X		X

Part II Proceeds

							A		B		C		D	
							0	0	0	0	0	0	0	0
1	Amount of bonds retired						0	0	0	0	0	0	0	
2	Amount of bonds legally defeased						0	0	0	0	0	0	0	
3	Total proceeds of issue						151,417,356		86,820,000					
4	Gross proceeds in reserve funds						0	0	0	0	0	0	0	
5	Capitalized interest from proceeds						0	0	0	0	0	0	0	
6	Proceeds in refunding escrow						0	0	0	0	0	0	0	
7	Issuance costs from proceeds						1,468,340		598,075					
8	Credit enhancement from proceeds						0	0	93,000					
9	Working capital expenditures from proceeds						0	0	0	0	0	0	0	
10	Capital expenditures from proceeds						149,949,016		0	0	0	0	0	
11	Other spent proceeds						0	0	86,128,925					
12	Other unspent proceeds						0	0	0	0	0	0	0	
13	Year of substantial completion						2010		2008					
							Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?							X	X					
15	Were the bonds issued as part of an advance refunding issue?							X		X				
16	Has the final allocation of proceeds been made?						X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?						X		X					

Part III Private Business Use

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

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use?		X						
b Are there any research agreements that may result in private business use of bond-financed property?		X						
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X						
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ►	0 %		0 %					
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ►	0 %		0 %					
6 Total of lines 4 and 5	0 %		0 %					
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Bonds	Schedule K, Part I	ISSUER NAME ILLINOIS FINANCE AUTHORITY ISSUER EIN 86-1091967 CUSIP # 45200FNR6 ISSUE PRICE \$151,075,932 DESCRIPTION OF PURPOSE PROCEEDS USED FOR CONSTRUCTION OF A PATIENT TOWER AND PARKING GARAGE, EXPANSION AND RENOVATION OF THE HOSPITAL'S EMERGENCY DEPARTMENT AND SURGERY SUITES, RELOCATION OF CERTAIN DEPARTMENTS ON THE HOSPITAL'S CAMPUS, AND PURCHASE OF CERTAIN EQUIPMENT USED IN THE HOSPITAL'S BUSINESS TOTAL PROCEEDS OF ISSUE THE TOTAL PROCEEDS INCLUDE \$341,424 OF INVESTMENT EARNINGS ISSUER NAME ILLINOIS FINANCE AUTHORITY ISSUER EIN 86-1091967 CUSIP # 45200FNU9 ISSUE PRICE \$86,820,000 DESCRIPTION OF PURPOSE PROCEEDS WERE USED TO REPAY A TAXABLE LOAN, THE PROCEEDS OF WHICH WERE USED, TOGETHER WITH OTHER FUNDS, TO REDEEM THE AUTHORITY'S SERIES 2002A BONDS (NW COMMUNITY HOSPITAL) IN APRIL 2008

Schedule L

Transactions with Interested Persons

OMB No 1545-0047

2010

Department of the Treasury
Internal Revenue Service

- Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
- Attach to Form 990 or Form 990-EZ. ► See separate instructions.

Open to Public Inspection

Name of the organization

Northwest Community Hospital

Employer identification number

36-234031

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

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

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

Part II Loans to and/or From Interested Persons.

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

Part III Grants or Assistance Benefitting Interested Persons.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ADAM SKIBA	SEE PART V	76,102	SALARY		No
(2) AMY SKIBA	SEE PART V	63,033	SALARY		No
(3) MEGAN STACK-SWEET	SEE PART V	63,882	SALARY		No
(4) CHARLIE CROWTHER	SEE PART V	18,669	SALARY		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION	SCHEDULE L, PART IV	ADAM SKIBA IS THE SON OF KEY EMPLOYEE, GARY SKIBA AMY SKIBA IS THE DAUGHTER OF KEY EMPLOYEE, GARY SKIBA MEGAN STACK-SWEET IS THE DAUGHTER OF KEY EMPLOYEE, MARY STACK CHARLIE CROWTHER IS THE SON OF DIRECTOR AND OFFICER, BRUCE K CROWTHER

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

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

2010**Open to Public
Inspection****Name of the organization**
Northwest Community Hospital**Employer identification number**

36-2340313

Identifier	Return Reference	Explanation
DESCRIPTION OF RELATIONSHIPS	FORM 990, PART VI, QUESTION 2	BRUCE K CROWTHER, DIRECTOR AND CEO, AND JAMES BISHOP, DIRECTOR, SERVE ON THE NORTHWEST COMMUNITY HOSPITAL (HOSPITAL) BOARD AS WELL AS ON THE BOARDS OF WINTRUST FINANCIAL CORPORATION AND BARRINGTON BANK AND TRUST COMPANY NA. MICHAEL ZENN, HOSPITAL OFFICER, AND JAMES BISHOP, HOSPITAL DIRECTOR, SERVE ON THE BOARD OF VILLAGE BANK AND TRUST (A WINTRUST BANK). HOSPITAL DOES NOT TRANACT ANY BUSINESS WITH WINTRUST FINANCIAL, BARRINGTON BANK, OR VILLAGE BANK AND TRUST

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, QUESTION 6	NORTHWEST COMMUNITY HEALTHCARE (NCH) IS THE SOLE CORPORATE MEMBER OF NORTHWEST COMMUNITY HOSPITAL (HOSPITAL) AS SUCH, IT ELECTS OR APPOINTS THE MEMBERS OF HOSPITAL'S GOVERNING BODY AND APPROVES SIGNIFICANT DECISIONS

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, QUESTION 7A	NCH IS THE SOLE CORPORATE MEMBER OF HOSPITAL AS SUCH, IT ELECTS OR APPOINTS THE MEMBERS OF THE GOVERNING BODY OF HOSPITAL PERIODICALLY OR AS VACANCIES ARISE

Identifier	Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	FORM 990, PART VI, QUESTION 7B	NCH IS THE SOLE CORPORATE MEMBER OF HOSPITAL AS SUCH, IT MUST APPROVE CERTAIN ACTIONS OF HOSPITAL. ACTION IS TAKEN BY A MAJORITY VOTE OF THE NCH BOARD WITH A QUORUM PRESENT. NCH MUST APPROVE THE FOLLOWING TYPES OF DECISIONS BY HOSPITAL: VOLUNTARY DISSOLUTION, MERGER, CONSOLIDATION OR SALE OR TRANSFER OF 10% OR MORE OF THE HOSPITAL'S ASSETS, SALE OF REAL PROPERTY OR INTEREST THEREIN, CREATION OF A SUBSIDIARY OR AFFILIATE, ANNUAL AND LONG-TERM CAPITAL AND OPERATING BUDGETS, AMENDMENT, ALTERATION OR REPEAL OF HOSPITAL'S ARTICLES OF INCORPORATION OR BY LAWS, SELECTION OF AUDITORS, APPOINTMENT, REMOVAL AND EVALUATION OF HOSPITAL DIRECTORS, DEBT OR INDEBTEDNESS, GUARANTEES OR BORROWINGS, APPOINTMENT, COMPENSATION, BENEFITS AND EVALUATION OF OFFICERS, APPOINTMENT AND EMPLOYMENT OF THE PRESIDENT, AND ACTIONS TAKEN BY TRUSTEES OF THE NORTHWEST COMMUNITY HOSPITAL EMPLOYEES RETIREMENT PLAN

Identifier	Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, QUESTION 11B	A COPY OF FORM 990 WAS MADE AVAILABLE TO THE MEMBERS OF THE BOARD OF HOSPITAL PRIOR TO FILING THE AUDIT AND COMPLIANCE COMMITTEE OF THE NCH BOARD REVIEWED FORM 990 FOR AFFILIATES OF NCH PRIOR TO DISTRIBUTION TO THE FULL BOARD

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, QUESTION 12C	<p>EACH YEAR, THE CONFLICT OF INTEREST POLICY AND QUESTIONNAIRE IS SENT TO DIRECTORS, OFFICERS AND KEY EMPLOYEES. EACH RESPONSE IS REVIEWED BY THE GENERAL COUNSEL AND THOSE IN WHICH ANY ACTUAL OR APPARENT CONFLICT WITH THE PRESENT ROLE IS DISCLOSED, ARE REVIEWED BY THE PRESIDENT/CEO AND BOARD CHAIRPERSON. IN THE CASE OF ANY CONFLICT INVOLVING AN ENTITY OR PARTY WITH WHICH HOSPITAL IS DEALING OR COMPETING, THE PERSON WITH THE CONFLICT MAY NOT PARTICIPATE IN ANY DECISIONS REGARDING THAT PARTY. INDIVIDUALS WHO ARE INDEPENDENT CONTRACTORS, OFFICERS, DIRECTORS, OR EMPLOYEES OF OTHER HEALTHCARE FACILITIES IN HOSPITAL'S SERVICE AREA MAY NOT SERVE ON NCH'S OR ANY RELATED ORGANIZATION'S BOARD OR BOARD COMMITTEE. IN ADDITION, THE POLICY INCLUDES A SAMPLE CONFLICT OF INTEREST DISCLOSURE LETTER TO BE USED IF A CONFLICT ARISES AFTER SUBMISSION OF THE ANNUAL QUESTIONNAIRE AND BEFORE THE NEXT SUCH DISCLOSURE LETTERS WOULD BE REVIEWED AS NOTED ABOVE AT THE TIME THEY ARE RECEIVED.</p>

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION PROCESS FOR TOP MANAGEMENT OFFICIAL	FORM 990, PART VI, QUESTION 15A	THE NOMINATION AND COMPENSATION COMMITTEE OF THE NCH BOARD IS RESPONSIBLE FOR SETTING THE COMPENSATION OF THE PRESIDENT/CEO WHO IS THE TOP MANAGEMENT OFFICIAL COMPENSATION IS REVIEWED USING AN EXTERNAL COMPENSATION FIRM, PINP, INC THE REVIEW ALSO UTILIZES COMPARISONS TO SIMILAR ORGANIZATIONS THROUGH REVIEW OF FORMS 990, USE OF COMPARISON STUDIES FROM THE METROPOLITAN CHICAGO HEALTHCARE COUNCIL AND OTHER SOURCES THE PROCESS IS DOCUMENTED IN THE MINUTES OF THE NOMINATION AND COMPENSATION COMMITTEE

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION PROCESS FOR OFFICERS & KEY EMPLOYEES	FORM 990, PART VI, QUESTION 15B	THE NOMINATION AND COMPENSATION COMMITTEE OF THE NCH BOARD IS RESPONSIBLE FOR APPROVING THE COMPENSATION OF THE OFFICERS AND KEY EMPLOYEES (VICE PRESIDENTS) OF HOSPITAL BASED ON RECOMMENDATIONS FROM THE PRESIDENT/CEO. THE REVIEW UTILIZES COMPARISONS TO STUDIES FROM THE METROPOLITAN CHICAGO HEALTHCARE COUNCIL AND OTHER SOURCES. THE PROCESS IS DOCUMENTED IN THE MINUTES OF THE NOMINATION AND COMPENSATION COMMITTEE.

Identifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, QUESTION 19	GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE NOT MADE PUBLIC. HOSPITAL'S FINANCIAL STATEMENTS ARE INCLUDED IN THE ANNUAL CONSOLIDATED AUDIT REPORT OF NCH AND SUBSIDIARIES. THE CONSOLIDATED FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC VIA THE MUNICIPAL SECURITIES RULEMAKING BOARD'S ELECTRONIC MUNICIPAL MARKET ACCESS (EMMA) WEBSITE AT WWW.EMMA.MSRB.ORG

Identifier	Return Reference	Explanation
AVERAGE HOURS WORKED	PART VII, SECTION A	THE FOLLOWING INDIVIDUALS ARE EMPLOYEES OF NORTHWEST COMMUNITY HOSPITAL AND GENERALLY WORK 40 HOURS PER WEEK A PORTION OF THEIR REGULAR WORK WEEK IS SPENT PROVIDING SERVICES TO NORTHWEST COMMUNITY DAY SURGERY CENTER, INC , NCH AND NORTHWEST COMMUNITY HOSPITAL FOUNDATION, WHICH ARE 501(C)(3) AFFILIATES OF HOSPITAL BRUCE K CROWTHER (14 HOURS), MICHAEL B ZENN (9 HOURS), LEIGHTON SMITH, MD (2 HOURS), STEPHEN O SCOGNA (9 HOURS), AND DALE BEATTY (2 HOURS) STEPHEN O SCOGNA, NORTHWEST COMMUNITY HOSPITAL CFO, BEGAN HIS EMPLOYMENT IN APRIL OF 2011 AS SUCH, HIS FY2011 COMPENSATION IS APPROPRIATELY INCLUDED ON FORM 990, PART IX, HOWEVER, HE HAD NO CALENDAR YEAR 2010 COMPENSATION TO REPORT ON FORM 990, PART VII

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS - OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, QUESTION 5	OTHER CHANGES IN NET ASSETS UNREALIZED LOSS ON INVESTMENTS (1,910,317) INTEREST RATE SWAP LOSS (151,878) PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST(9,400,636) RESTRICTED FUNDS TRANSFER - SILVER LINING PROGRAM (34,507) CHANGE IN TEMPORARILY RESTRICTED NET ASSETS 317,364 CHANGE IN PERMANENTLY RESTRICTED NET ASSETS 2,510 ----- (11,177,464)

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service► 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.Name of the organization
Northwest Community Hospital

Employer identification number

36-2340313

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) NORTHWEST COMMUNITY PHYSICIANS ASSN LLC 3060 SALT CREEK LANE ARLINGTON HTS, IL 60005 51-0457240	PATIENT CARE	IL	3,325,001	628,745	N/A
(2) NCH SERVICE COMPANY LLC 3060 SALT CREEK LANE ARLINGTON HTS, IL 60005 26-3791362	PATIENT CARE	IL	1,965,773	465,970	NCPA LLC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) NORTHWEST COMMUNITY HEALTHCARE 800 WEST CENTRAL ROAD ARLINGTON HTS, IL 60005 36-3125209	SUPPORT ORG	IL	501(C)(3)	11 TYPE II	NA		
(2) NORTHWEST COMMUNITY DAY SURGERY CTR INC 675 WEST KIRCHOFF ARLINGTON HTS, IL 60005 36-3540436	OUTPATIENT	IL	501(c)(3)	3	NCH		
(3) NORTHWEST COMMUNITY HOSPITAL FOUNDATION 3060 SALT CREEK LANE ARLINGTON HTS, IL 60005 36-3125193	FUNDRAISING	IL	501(c)(3)	7	NCH		

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) NORTHWEST COMMUNITY HEALTH SERVICES INC 800 WEST CENTRAL ROAD ARLINGTON HEIGHTS, IL60005 36-3312906	HEALTHCARE SVCS	IL	NA	C CORP			
(2) NORTHWEST COMMUNITY CAPCO INC 800 WEST CENTRAL ROAD ARLINGTON HEIGHTS, IL60005 36-4027717	MANAGED CARE	IL	NA	C CORP	355,000	801,938	100 000 %
(3) NCH CASUALTY INSURANCE SPC LTD 68 WEST BAY ROAD KY1-1102 GRAND CAYMAN, CAYMEN ISLANDS CJ 98-0442062	INSURANCE	CJ	NA	C CORP			
(4) NCH PHYSICIANS COOPERATIVE 800 WEST CENTRAL ROAD ARLINGTON HEIGHTS, IL60005 20-1830299	GROUP PURCHASING	IL	NA	C CORP			100 000 %

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to other organization(s)
- c** Gift, grant, or capital contribution from other organization(s)
- d** Loans or loan guarantees to or for other organization(s)
- e** Loans or loan guarantees by other organization(s)
- f** Sale of assets to other organization(s)
- g** Purchase of assets from other organization(s)
- h** Exchange of assets
- i** Lease of facilities, equipment, or other assets to other organization(s)
- j** Lease of facilities, equipment, or other assets from other organization(s)
- k** Performance of services or membership or fundraising solicitations for other organization(s)
- l** Performance of services or membership or fundraising solicitations by other organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets
- n** Sharing of paid employees
- o** Reimbursement paid to other organization for expenses
- p** Reimbursement paid by other organization for expenses
- q** Other transfer of cash or property to other organization(s)
- r** Other transfer of cash or property from other organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g	Yes	
1h		No
1i		No
1j	Yes	
1k	Yes	
1l		No
1m		No
1n		No
1o		No
1p	Yes	
1q	Yes	
1r		No

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	NORTHWEST COMMUNITY CAPCO INC	P	239,609	
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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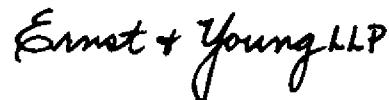
Report of Independent Auditors

**The Audit and Compliance Committee and the Board of Directors
Northwest Community Healthcare and Subsidiaries**

We have audited the accompanying consolidated balance sheets of Northwest Community Healthcare and Subsidiaries (Healthcare) as of September 30, 2010 and 2009, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Healthcare's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Healthcare's internal control over financial reporting. 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 Healthcare's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northwest Community Healthcare and Subsidiaries at September 30, 2010 and 2009, and the consolidated results of their operations and changes in net assets, and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.



January 31, 2011

Northwest Community Healthcare and Subsidiaries

Consolidated Balance Sheets

	September 30	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,837,234	\$ 24,882,663
Cash internally designated for capital replacement	—	45,595,197
Investments restricted under bond financings	62,288	2,895,232
Patient accounts receivable, less allowances for uncollectible accounts (2010 – \$20,124,000; 2009 – \$19,078,000)	52,290,315	51,888,065
Other receivables	2,795,241	4,139,931
Prepaid expenses and other	<u>13,404,190</u>	<u>9,539,501</u>
Total current assets	<u>95,389,268</u>	<u>138,940,589</u>
Assets limited as to use, at fair value:		
Internally designated for operations and liquidity	104,626,887	100,910,080
Internally designated for capital replacement	225,268,672	222,596,905
Internally designated for insurance (NCHCI)	3,316,251	3,730,930
Internally designated for endowment	1,183,846	1,142,712
Externally designated for endowment	1,064,888	1,017,784
	<u>335,460,544</u>	<u>329,398,411</u>
Property and equipment, at cost:		
Land and land improvements	21,980,930	20,893,757
Buildings	335,768,573	227,437,989
Fixed equipment and leasehold improvements	218,685,939	148,946,701
Major movable equipment	109,858,835	93,519,462
Construction-in-progress	<u>17,053,630</u>	<u>169,602,192</u>
	<u>703,347,907</u>	<u>660,400,101</u>
Less accumulated depreciation	<u>(253,241,756)</u>	<u>(232,767,863)</u>
	<u>450,106,151</u>	<u>427,632,238</u>
Other long-term assets	<u>26,983,524</u>	<u>9,325,507</u>
 Total assets	 <u>\$ 907,939,487</u>	<u>\$ 905,296,745</u>

	September 30	
	2010	2009
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 18,309,616	\$ 25,025,782
Accrued expenses and other	50,437,715	40,791,263
Current maturities of long-term debt obligations	5,725,257	5,265,000
Due to third-party payors	30,301,219	30,150,028
Total current liabilities	104,773,807	101,232,073
 Long-term debt obligations, less current maturities:		
Series 2002B bonds	53,100,000	54,400,000
Series 2008A bonds	151,940,000	153,380,000
Series 2008B bonds	39,132,500	40,500,000
Series 2008C bonds	39,132,500	40,500,000
Capital lease obligation	1,154,478	—
 Asset retirement obligation	284,459,478	288,780,000
 Other long-term liabilities	11,198,000	9,594,957
Interest rate swap	1,975,139	1,078,769
Pension obligation	46,703,341	41,261,601
Non-controlling interest in subsidiary	232,248	439,577
Total noncurrent liabilities	345,791,588	342,509,677
 Total liabilities	450,565,395	443,741,750
 Net assets:		
Unrestricted	451,633,523	454,506,651
Temporarily restricted	4,583,683	6,026,000
Permanently restricted	1,156,886	1,022,344
Total net assets	457,374,092	461,554,995
 Total liabilities and net assets	\$ 907,939,487	\$ 905,296,745

See accompanying notes.

Northwest Community Healthcare and Subsidiaries

Consolidated Statements of Operations
and Changes in Net Assets

	Year Ended September 30	
	2010	2009
Revenue		
Net patient service revenue	\$ 446,164,227	\$ 449,282,492
Other operating revenue	<u>20,850,212</u>	<u>29,742,863</u>
Total revenue	467,014,439	479,025,355
Expenses		
Salaries and employee benefits	249,649,070	254,467,585
Supplies and other	<u>98,231,429</u>	<u>99,659,588</u>
Professional fees and purchased services	<u>48,939,454</u>	<u>47,643,043</u>
Depreciation	<u>36,385,237</u>	<u>33,563,781</u>
Provision for uncollectible accounts	<u>29,086,489</u>	<u>25,662,492</u>
Illinois hospital assessment	<u>11,676,662</u>	<u>14,595,153</u>
Interest and amortization of deferred costs	<u>7,197,607</u>	<u>6,150,819</u>
Total expenses	481,165,948	481,742,461
Operating loss	(14,151,509)	(2,717,106)
Nonoperating revenue (expense)		
Investment income (loss)	20,302,341	(5,142,583)
Change in value of interest rate swap	<u>(896,370)</u>	<u>(225,790)</u>
Other	<u>235,402</u>	<u>(57,835)</u>
Total nonoperating revenue (expense)	19,641,373	(5,426,208)
Adjustment for non-controlling interest in net gain of subsidiary	(7,001)	(76,832)
Excess (deficiency) of revenue over expenses	5,482,863	(8,220,146)

Northwest Community Healthcare and Subsidiaries

**Consolidated Statements of Operations
and Changes in Net Assets (continued)**

	Year Ended September 30	
	2010	2009
Unrestricted net assets		
Excess (deficiency) of revenue over expenses	5,482,863	(8,220,146)
Pension-related changes other than net periodic pension cost	(10,859,112)	3,393,220
Change in pension measurement date	—	(3,295,132)
Net effect of endowment reclassification	(128,177)	(20,134)
Net assets released from restrictions used for purchase of property and equipment	2,631,298	615,584
Decrease in unrestricted net assets	(2,873,128)	(7,526,608)
Temporarily restricted net assets		
Contributions	1,748,173	2,956,797
Investment income (loss)	36,922	(4,560)
Net assets released from restrictions used for:		
Purchase of property and equipment	(2,631,299)	(615,584)
Operations	(596,113)	(746,357)
(Decrease) increase in temporarily restricted net assets	(1,442,317)	1,590,296
Permanently restricted net assets		
Contributions	6,365	22,569
Net effect of endowment reclassification	128,177	20,134
Increase in permanently restricted net assets	134,542	42,703
Decrease in net assets	(4,180,903)	(5,893,609)
Net assets at beginning of year	461,554,995	467,448,604
Net assets at end of year	\$ 457,374,092	\$ 461,554,995

See accompanying notes.

Northwest Community Healthcare and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2010	2009
Operating activities		
Decrease in net assets	\$ (4,180,903)	\$ (5,893,609)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension-related changes other than net periodic pension cost	10,859,112	(3,393,220)
Pension change in measurement date	—	3,295,132
Restricted contributions	(1,754,537)	(2,979,366)
Adjustment for minority interest in net gain of subsidiary	(207,329)	(234,377)
Depreciation and amortization	36,605,699	33,784,243
Provision for uncollectible accounts	29,086,489	25,662,492
(Gain) loss on disposal of fixed assets	(61,234)	226,399
Change in value of interest rate swap	896,370	225,790
Changes in other assets and liabilities:		
Accounts receivable and due to third-party payors	(27,992,858)	(20,466,603)
Accounts payable and accrued expenses	1,403,286	(5,946,967)
Investments	42,366,008	87,286,050
Other assets and liabilities	(8,458,888)	(5,363,537)
Net cash provided by operating activities	<u>78,561,215</u>	106,202,427
Investing activities		
Property and equipment additions, net	(57,076,438)	(94,568,672)
Purchase of physician practice	(16,270,000)	—
Cash used in investing activities	<u>(73,346,438)</u>	(94,568,672)
Financing activities		
Proceeds from issuance of long-term obligations	—	86,820,000
Extinguishment of bank loan	—	(90,000,000)
Payments on long-term obligations	(5,014,743)	(4,440,000)
Restricted contributions	1,754,537	2,979,366
Net cash used in financing activities	<u>(3,260,206)</u>	(4,640,634)
Net increase in cash and cash equivalents	1,954,571	6,993,121
Cash and cash equivalents at beginning of year	24,882,663	17,889,542
Cash and cash equivalents at end of year	<u>\$ 26,837,234</u>	\$ 24,882,663
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 8,547,904</u>	\$ 7,355,593

See accompanying notes.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2010

1. Organization and Nature of Operations

Northwest Community Healthcare (Healthcare) was established to own, operate, control, and otherwise coordinate the delivery of health care within the service area of Northwest Community Hospital (the Hospital) and coordinate the activities of the various corporations affiliated with Healthcare. Subsidiaries of Healthcare include the Hospital, Northwest Community Hospital Foundation (the Foundation), and Northwest Community Day Surgery Center, Inc. (DSC), which are not-for-profit entities; Northwest Community Health Services, Inc. (Health Services) and NPC-CyberKnife, LLC (CyberKnife), which are taxable entities; and NCH Casualty Insurance SPC Limited (NCHCI), a Cayman Islands corporation. The Hospital, located in Arlington Heights, Illinois, is a 405-bed acute care facility providing inpatient, outpatient, and emergency care services primarily to residents of Arlington Heights and the surrounding communities. Northwest Community Capco, Inc. (Capco), an Illinois for-profit corporation, Northwest Community Physicians Association, LLC (NCPA), a limited liability company, and NCH Physicians Cooperative (NCHPC), an Illinois not-for-profit corporation, are subsidiaries of the Hospital. NCH Service Company, LLC (NCHSC), a limited liability company, is a subsidiary of NCPA.

CyberKnife was formed in June 2006 for the purpose of purchasing and owning a stereotactic radiosurgery system and leasing it to the Hospital. CyberKnife is a limited liability corporation that is owned by Healthcare (74% at September 30, 2010 and 2009) and physician investors (26% at September 30, 2010 and 2009). Healthcare consolidates CyberKnife, as Healthcare owns a majority of the units outstanding.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Healthcare, the Hospital, the Foundation, DSC, Health Services, Capco, NCPA, NCHPC, CyberKnife, NCHSC, and NCHCI. NCHPC had no financial transactions during 2010 and 2009 and did not hold any assets or liabilities as of September 30, 2010 and 2009. Significant intercompany transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Healthcare evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, payor class, and the anticipated future collectible amounts based on historical experience. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

Inventories

Inventories are priced at the lower of cost, determined by the first-in, first-out method, or market. Operating room inventory is priced at market.

Investments

Healthcare has designated all of its investments as trading. Investments in equity and debt securities and mutual funds with readily determinable fair values are reported at fair value based on quoted market prices. Alternative investments, primarily limited partnerships that invest in hedge funds, are reported using the equity method of accounting based on information provided by the partnership. Income earned, realized gains (losses) and changes in unrealized gains (losses) on funds internally designated for operations and liquidity are reported as other operating revenue. All other investment income, realized gains (losses), and changes in unrealized gains (losses) are reported as nonoperating revenue (expense).

Derivative Instruments

Derivative instruments, specifically interest rate swaps, are recorded on the consolidated balance sheets at their respective fair values. The derivative instruments do not qualify for hedge accounting; therefore, the change in the fair value of those derivative instruments is reflected in nonoperating revenue (expense).

Property and Equipment

Property and equipment acquisitions are recorded at cost. Healthcare uses the straight-line method of computing depreciation for property and equipment. Typical service lives are 20 to 50 years for buildings, 12 to 20 years for land improvements, 15 to 20 years for fixed equipment, and 5 to 15 years for major movable equipment.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Goodwill

Goodwill has been recorded at the excess of the fair value of the assets purchased in acquisitions over the purchase price. Goodwill amounted to \$17,920,000 and zero at September 30, 2010 and 2009, respectively, and is reported as a long-term asset in the consolidated balance sheets. Effective October 1, 2010, Healthcare adopted Accounting Standards Codification (ASC) 954-805, *Health Care Entities – Business Combinations*, under which goodwill will no longer be amortized, but will be evaluated for potential impairment.

Deferred Financing and Other Costs

Underwriting fees and other costs related to the issuance of the Series 2002 and Series 2008 bonds, which are included in other long-term assets, are deferred and amortized on a straight-line basis over the life of the related debt using methods that approximate the effective interest method.

General and Professional Liability Insurance

The provision for general and professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, which are included in other long-term liabilities.

Asset Retirement Obligation

Healthcare records the fair value of legal obligations associated with long-lived asset retirements. The asset retirement obligation is accreted to the present value of the liability each year.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Restricted Net Assets

Temporarily restricted net assets are those whose use by Healthcare has been limited to a specific time period or purpose by donors. Permanently restricted net assets are those that the donor stipulates must be maintained by Healthcare in perpetuity. Permanently restricted net assets increase when Healthcare receives contributions for which donor-imposed restrictions limiting the organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization meeting certain requirements. Substantially all restricted contributions benefiting Healthcare are initially received by the Foundation. When a donor restriction is met, the Foundation transfers the temporarily restricted gift to Healthcare, the Hospital, or DSC, at which time the related net assets are released from restriction in the financial statements.

Patient Service Revenue

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

Charity Care and Community Benefit

The policy of Healthcare is to treat patients in immediate need of medical services without regard to their ability to pay for such services. Healthcare maintains records to identify and monitor the level of charity care provided. These records include the amount of estimated costs for services rendered and supplies furnished under its charity care policy. The estimated difference between the cost of services provided to Medicare and Medicaid patients and the reimbursement from these governmental programs is also monitored. Healthcare operates or funds two primary care clinics, a mobile dental clinic, and a community center serving low-income families in its service area. In addition, Healthcare provides community benefits in the form of health and wellness education, translation services, maternal/child classes, paramedic training, health screenings, support groups, physician referral, and other social services.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Excess (Deficiency) of Revenue Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficiency) of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess (deficiency) of revenue over expenses, include net assets released from restrictions used for the purchase of property and equipment and pension-related charges other than net periodic pension cost.

Contributions

Unconditional promises to give cash and other assets to Healthcare are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions have been met.

Donor-restricted contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Permanently restricted net assets are those that the donor stipulates must be maintained by Healthcare in perpetuity. Permanently restricted net assets increase when Healthcare receives contributions for which donor-imposed restrictions limiting the organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization meeting certain requirements.

Asset Impairment

Healthcare considers whether indicators of impairment are present and performs the necessary test to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified, except for alternative investment impairments, which are recognized in nonoperating revenue (expense) at the time the impairment is identified. There was no impairment of assets in 2010 and 2009.

Income Taxes

Healthcare, the Hospital, the Foundation, and DSC are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code), and accordingly, no income taxes are provided for in the accompanying consolidated financial statements.

NCPA and NCHSC are single-member limited liability companies and are classified as disregarded entities under the Code.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Capco is a taxable entity and accounts for income taxes as provided by ASC 740.

CyberKnife is a limited liability company with multiple members and is treated as a partnership under the Code. As such, income taxes are paid directly by the members.

Health Services and NCHPC are taxed as corporations.

NCHCI has elected to be taxed as a domestic corporation under Section 953(d) of the Code and accounts for income taxes as provided by ASC 740. There is presently no tax imposed by the government of the Cayman Islands on NCHCI.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including estimated amounts due to third-party payors, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

Adoption of New Accounting Standards

In June 2009, the Financial Accounting Standards Board (FASB) approved the FASB Accounting Standards Codification (the Codification or ASC) as the single source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB. The Codification does not change current U.S. GAAP but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded, and all other accounting literature not included in the Codification will be considered nonauthoritative. The Codification is effective for annual periods ending after September 15, 2009. The Codification

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

was effective for Healthcare for the year ended September 30, 2010, and did not have an impact on Healthcare's consolidated financial position, results of operations, or cash flows.

ASC 715, *Employers' Accounting for Pensions*, requires disclosures about how investment allocation decisions are made, the fair value of each major category of assets in the plans as of each annual reporting date and the basis for determining the value, more descriptions of investment policies and strategies, and more detailed descriptions of concentrations of risk in plan assets.

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amends ASC 820 to require a number of additional disclosures regarding fair value measurement. These disclosures include the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers; the reasons for any transfer in or out of Level 3; and information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances, and settlements on a gross basis, as well as clarification of previously required reporting requirements. This new guidance is effective for the first reporting period, including interim periods, beginning after December 15, 2009, for all disclosures except the requirement to separately disclose purchases, sales, issuances, and settlements of recurring Level 3 measurements. This latter disclosure requirement relating to recurring Level 3 measurements is effective for fiscal years beginning after December 15, 2010.

3. Net Patient Service Revenue

The Hospital's net patient service revenue accounts for approximately 95.0% of Healthcare's consolidated net patient service revenue in 2010 and 2009. In 2010, approximately 36.2% of the Hospital's net patient service revenue was derived from Medicare, and approximately 50.7% of the Hospital's net patient service revenue was derived from Blue Cross and managed care programs, which provide for payments to the Hospital at amounts different from its established rates. Reimbursement under these programs is based on a specific amount per case, a contracted price, or cost, as defined, of rendering services to program beneficiaries. Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under such reimbursement agreements. The Hospital provided contractual allowances in the current period for the difference between charges for services rendered and the expected payments under these programs and adjusts them in future periods as final settlements are determined.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Net Patient Service Revenue (continued)

Gross patient service revenue of Healthcare and the related contractual and charity care allowances for the years ended September 30, 2010 and 2009, are as follows (in thousands):

	2010	2009
Gross patient service revenue:		
Inpatient services	\$ 781,842	\$ 764,946
Outpatient services	<u>626,501</u>	<u>606,418</u>
	1,408,343	1,371,364
Contractual and charity care allowances	(962,179)	(922,082)
Net patient service revenue	\$ 446,164	\$ 449,282

Adjustments arising from reimbursement arrangements with third-party payors are accrued for on an estimated basis in the period in which the services are rendered. Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2008. For the years ended September 30, 2010 and 2009, net patient service revenue for the Hospital has been increased by approximately \$192,000 and \$216,000, respectively, for third-party settlements, favorably settled appeals, and changes in estimates related to services rendered in previous years.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Healthcare believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Concentrations of Credit Risk

The Hospital and DSC grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables, net of reserves for contractual allowances, charity care, and uncollectible accounts, at September 30 was as follows:

	2010	2009
Medicare	19%	17%
Medicaid	16	18
Managed care	39	35
Other third-party payors	11	10
Self-pay patients	15	20
	100%	100%

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Investments

The composition of investments restricted under bond financings and assets limited as to use stated at fair value at September 30 is as follows (in thousands):

	2010	2009
	\$	\$
Investments restricted under bond financings:		
Cash and cash equivalents	62	2,895
Assets limited as to use:		
Internally designated for operations and liquidity:		
Cash and money market funds	1,121	20,332
U.S. government and agency obligations	68,285	43,787
Corporate bonds	32,541	36,278
Municipal bonds	2,680	513
	104,627	100,910
Internally designated for capital replacement:		
Mutual funds	—	59
Alternative investments	34,126	—
Common stocks	—	77,216
Mutual funds	191,143	145,322
	225,269	222,597
Internally designated for insurance (NCHCI):		
Cash and short-term investments	383	3,731
Mutual funds	2,933	—
	3,316	3,731
Internally and externally designated for endowment:		
Cash and money market funds	—	368
Common stocks	—	622
Mutual funds	2,249	1,170
	2,249	2,160
Total assets limited as to use	\$ 335,461	\$ 329,398

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Investments (continued)

The composition and presentation of investment income are as follows for the years ended September 30 (in thousands):

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 7,222	\$ 1,897
Net realized losses on investments	(11,912)	(8,951)
Change in net unrealized gains and losses on investments	<u>28,880</u>	<u>7,394</u>
	<u><u>\$ 24,190</u></u>	<u><u>\$ 340</u></u>
Reported as:		
Other operating revenue	\$ 3,851	\$ 5,488
Investment income (loss)	20,302	(5,143)
Permanently restricted investment income (loss)	37	(5)
	<u><u>\$ 24,190</u></u>	<u><u>\$ 340</u></u>

6. Fair Value Measurements

All investments in marketable securities are reported at fair value as defined in ASC 820, *Fair Value Measurements and Disclosures*.

ASC 820-10-50-2 establishes a three-level valuation hierarchy. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following table presents the financial instruments carried at fair value as of September 30, 2010, by caption on the consolidated balance sheet by the valuation hierarchy defined above (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 26,837	\$ —	\$ —	\$ 26,837
Investments restricted under bond financings:				
Cash and cash equivalents	62	—	—	62
Internally designated for operations and liquidity:				
Cash and money market funds	1,121	—	—	1,121
U.S. government and agency obligations	68,285	—	—	68,285
Corporate bonds	32,541	—	—	32,541
Municipal bonds	2,680	—	—	2,680
	<u>104,627</u>	<u>—</u>	<u>—</u>	<u>104,627</u>
Internally designated for capital replacement:				
Cash and short-term investments	132	—	—	132
Mutual funds:				
U.S. equity	124,224	—	—	124,224
International equity	29,645	—	—	29,645
Fixed income	37,142	—	—	37,142
	<u>191,143</u>	<u>—</u>	<u>—</u>	<u>191,143</u>
Internally designated for insurance:				
Cash and short-term investments	383	—	—	383
Mutual funds – short-term fixed income	2,933	—	—	2,933
	<u>3,316</u>	<u>—</u>	<u>—</u>	<u>3,316</u>
Internally and externally designated for endowment:				
Mutual funds:				
U.S. equity	1,131	—	—	1,131
International equity	340	—	—	340
Fixed income	778	—	—	778
	<u>2,249</u>	<u>—</u>	<u>—</u>	<u>2,249</u>
Investments at fair value	<u>\$ 328,234</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 328,234</u>
Investments not at fair value (equity method)				<u>\$ 34,126</u>
				<u>\$ 362,360</u>
Liabilities				
Interest rate swap	<u>\$ —</u>	<u>\$ 1,975</u>	<u>\$ —</u>	<u>\$ 1,975</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

The following table presents the financial instruments carried at fair value as of September 30, 2009 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 24,883	\$ —	\$ —	\$ 24,883
Cash internally designated for capital replacement	45,595	—	—	45,595
Investments restricted under bond financings	2,895	—	—	2,895
Internally designed for operations and liquidity:				
Cash and money market funds	20,332	—	—	20,332
U.S. government and agency obligations	43,787	—	—	43,787
Corporate bonds	36,278	—	—	36,278
Municipal bonds	513	—	—	513
	<hr/> 100,910	<hr/> —	<hr/> —	<hr/> 100,910
Internally designated for capital replacement:				
Cash and money market funds	59	—	—	59
Common stocks	77,216	—	—	77,216
Mutual funds	145,322	—	—	145,322
	<hr/> 222,597	<hr/> —	<hr/> —	<hr/> 222,597
Internally designated for insurance:				
Cash and short-term investments	3,731	—	—	3,731
Internally and externally designated for endowment:				
Cash and money market funds	368	—	—	368
Common stocks	622	—	—	622
Mutual funds	1,170	—	—	1,170
	<hr/> 2,160	<hr/> —	<hr/> —	<hr/> 2,160
	<hr/> \$ 402,771	<hr/> \$ —	<hr/> \$ —	<hr/> \$ 402,771
Liabilities				
Interest rate swap	\$ —	\$ 1,079	\$ —	\$ 1,079

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

The fair value of Level 1 investments is based on quoted market prices and is valued on a daily basis. The fair value of the interest rate swap is based on discounted cash flows adjusted for nonperformance risk. The adjustment is based on bond pricing for equivalent credit-related entities.

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates fair value because of the short maturity of those assets and liabilities.

The estimated fair value of long-term debt (including current portion) based on quoted market prices for the same or similar issues was \$298,949,000 and \$304,654,000 at September 30, 2010 and 2009, respectively.

Healthcare's investments are exposed to various kinds and levels of risk. Equity securities and mutual funds expose Healthcare to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets. Performance risk is that risk associated with a company's operating performance. Fixed income securities and mutual funds expose Healthcare to interest rate risk, credit risk, and liquidity risk. As interest rates change, the value of many fixed income securities is affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell particular securities, and tends to be higher for equities related to small capitalization companies. Due to the volatility in the capital markets, there is a reasonable possibility of subsequent changes in fair value resulting in additional gains and losses in the near term.

7. Long-Term Obligations

Healthcare's long-term debt is issued pursuant to a master trust indenture dated February 1, 2002. The master trust indenture establishes an "Obligated Group," consisting of the Hospital, Healthcare, and DSC. All members of the Obligated Group are jointly and severally obligated to pay all debt under the master trust indenture and are required to maintain their status as tax-exempt, not-for-profit, health care providers. All obligations issued under the master trust indenture are secured by a security interest in the receivables of the Obligated Group as defined in the master trust indenture.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Long-Term Obligations (continued)

Under the terms of the master trust indenture and a liquidity facility that was obtained in relation to the Series 2002B debt, the Obligated Group must meet certain financial covenants, including minimum debt service coverage levels. As of September 30, 2010, the Obligated Group was in compliance with these covenants.

Interest expense, including cash settlements from swap agreements during 2010 and 2009, was approximately \$8,571,000 and \$9,332,000, respectively. In 2010 and 2009, \$3,157,000 and \$5,313,000 of interest, respectively, was capitalized.

Series 2002B Bonds

In February 2002, the IHFA issued \$62,000,000 of variable rate demand revenue bonds (the Series 2002B debt) on behalf of the Hospital to fund certain capital projects and to refund the Series 1995 and 1997 debt. The bonds are payable in varying installments through July 1, 2032, and bear interest at a variable rate not to exceed 16%. The average interest rate during 2010 and 2009 was 0.2% and 0.7%, respectively.

The Series 2002B debt is secured by a three-year standby bond purchase agreement, which expires on November 2, 2012. Under the terms of the Series 2002B debt, if the bonds are not remarketed or if the standby bond purchase agreement is not renewed or replaced prior to expiration, the bond trustee is required to purchase the related bonds with proceeds from the standby bond purchase agreement. Such liquidity advances convert to term loans on the expiration date of the standby bond purchase agreement. Principal payments on the term loans would be payable no earlier than a year and a day from September 30, 2010.

Series 2008A Bonds

In September 2008, the Illinois Finance Authority (IFA) issued \$154,765,000 of revenue bonds (the Series 2008A debt) on behalf of the Hospital to fund certain capital projects. The bonds are payable in varying installments through July 1, 2038, and bear interest at fixed rates ranging from 4.00% to 5.37%. Proceeds from the Series 2008A debt were used to reimburse the Hospital for prior capital expenditures and to pay issuance costs of the bonds. As of September 30, 2010, all bond proceeds had been spent.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Long-Term Obligations (continued)

Series 2008B and Series 2008C Bonds

In October 2008, the IFA issued \$86,820,000 of variable rate demand revenue bonds (the Series 2008B/C debt) on behalf of the Hospital. The proceeds were used to refinance a taxable bank loan obtained to refund the Obligated Group's Series 2002A debt. The bonds are payable in varying installments through July 1, 2032, and bear interest at a variable rate not to exceed 12%. The average interest rate during 2010 and 2009 was 0.2% and 0.5%, respectively.

The Series 2008B/C debt is secured by a three-year irrevocable direct pay letter of credit which expires on September 18, 2011. Under the terms of the 2008B/C debt, if the bonds are not remarketed or if principal or interest is not paid when due, the bond trustee is required to purchase the bonds or make the payments with proceeds from the letter of credit. Such advances convert to term loans, with principal payments payable no earlier than a year and a day from September 30, 2010.

Unamortized underwriting fees and other costs related to the issuance of the Series 2002 and 2008 bonds of \$5,825,000 and \$6,045,000 are included in other long-term assets at September 30, 2010 and 2009, respectively.

The Obligated Group's future principal payments on the bonds are as follows (in thousands):

	Series 2002B	Series 2008A	Series 2008B/C	Total
Year ending September 30:				
2011	\$ 1,300	\$ 1,440	\$ 2,735	\$ 5,475
2012	1,400	1,525	2,765	5,690
2013	1,500	1,590	2,855	5,945
2014	1,600	1,685	2,910	6,195
2015	1,700	1,770	2,970	6,440
Thereafter	46,900	145,370	66,765	259,035
Total principal payments	\$ 54,400	\$ 153,380	\$ 81,000	\$ 288,780

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Derivatives

The Hospital has an interest rate-related derivative instrument to manage its exposure on its variable rate debt and does not enter into derivative instruments for any purpose other than risk management purposes. By using a derivative financial instrument to manage the risk of changes in interest rates, the Hospital exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Hospital, which creates credit risk for the Hospital. When the fair value of a derivative contract is negative, the Hospital owes the counterparty and therefore does not possess credit risk. The Hospital minimizes the credit risk in its derivative instrument by requiring that the counterparty post collateral for the benefit of the Hospital based on the credit rating of the counterparty and the fair value of the derivative contract. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. The Hospital also mitigates risk through periodic review of its derivative position in the context of the total blended cost of capital.

During 2003, the Hospital entered into an interest rate swap agreement (the swap agreement) with a notional amount of \$100,000,000 to hedge against changing interest rates. Under the terms of the swap agreement, the Hospital receives semiannual payments based upon 81% of the one-month LIBOR and makes semiannual payments based upon the SIFMA Index. The scheduled termination date of the swap agreement is July 1, 2032. During 2010, the notional amount was reduced to \$81,825,000.

The Hospital's swap agreement contains a provision requiring posting of collateral to the counterparty if the swap is in a liability position and the liability amount exceeds certain specific threshold amounts. The threshold amounts are determined based on the credit rating assigned by Moody's or Standard & Poor's to the Hospital's variable rate bonds. As of September 30, 2010, the liability of \$1,975,00 is below the threshold, and as such, no collateral has been posted. Similarly, the swap agreement requires the counterparty to post collateral to the Hospital if the swap is in an asset position and exceeds certain threshold amounts.

Net amounts paid or received under the swap agreement are included in interest expense. The decrease in the fair value of the swap agreement was approximately \$(896,000) and \$(226,000) in 2010 and 2009, respectively, and is recorded as a nonoperating item. The fair value of the swap agreement approximates \$(1,975,000) and \$(1,079,000) at September 30, 2010 and 2009, respectively, and is recognized as a noncurrent liability.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Derivatives (continued)

Following is a summary of the swap agreement as of September 30, 2010 and 2009:

Year	Notional Amount	Maturity Date	Rate Paid	Rate Received
2010	\$ 81,825,000	July 2032	USD-SIFMA Municipal Swap Index	81% of LIBOR
2009	84,600,000	July 2032	USD-SIFMA Municipal Swap Index	81% of LIBOR

The fair value of derivative instruments at September 30 is as follows (in thousands):

	Balance Sheet Location	2010		2009
Derivative not designated as hedging instrument under ASC 815:				
Interest rate contract	Interest rate swap	\$ (1,975)	\$ (1,079)	

The effects of derivative instruments on the consolidated statements of operations and changes in net assets for 2010 and 2009 are as follows (in thousands):

	Location of Gain (Loss)	Amount of Gain (Loss)	
		2010	2009
Derivative not designated as hedging instrument under ASC 815:	Included in excess (deficiency) of revenue over expenses		
Interest rate contract	Interest expense	\$ (36)	\$ (170)
	Change in value of interest rate swap (nonoperating expense)	(896)	(226)

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Restricted Net Assets

Restricted net assets are available for the following purposes at September 30 (in thousands):

	2010	2009
Temporarily restricted:		
Patient care addition/emergency department expansion	\$ 1,854	\$ 3,177
Intensive care nursery	299	580
Specific hospital programs	351	226
Other special uses	1,294	1,447
Youth treatment center	167	228
Prostate services	—	56
Emergency department imaging	329	—
Nursing education	171	110
Women's services	118	202
	\$ 4,583	\$ 6,026
Permanently restricted:		
Youth treatment center	\$ 305	\$ 267
Nursing education	652	528
Endowment – general	200	227
	\$ 1,157	\$ 1,022

Healthcare's endowment consists of individual donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the donor-imposed restrictions.

Healthcare has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), as adopted by the state of Illinois, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Healthcare classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the donor intent or, where silent, standard of prudence

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Restricted Net Assets (continued)

prescribed by UPMIFA. In accordance with UPMIFA, Healthcare considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The purposes of Healthcare and the endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments

Healthcare has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity. Under the investment policy, endowment assets are invested in a manner that is intended to produce a real return, net of inflation, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Healthcare 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). Healthcare targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

Healthcare has a policy of appropriating for distribution each year 4% of the average of the most recent 12 quarters' endowment fund balance. In establishing this policy, Healthcare considered the long-term expected return on its endowment. Accordingly, over the long term, Healthcare expects to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Restricted Net Assets (continued)

The changes in restricted net assets for the years ended September 30, 2010 and 2009, are summarized below (in thousands):

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Restricted net assets, October 1, 2008	\$ 4,436	\$ 980	\$ 5,416
Contributions	2,957	22	2,979
Investment return	(4)	—	(4)
Appropriation for expenditure	(1,362)	—	(1,362)
Other	—	20	20
Restricted net assets, September 30, 2009	6,027	1,022	7,049
Contributions	1,748	6	1,754
Investment return	37	—	37
Appropriation for expenditure	(3,228)	—	(3,228)
Other	—	128	128
Restricted net assets, September 30, 2010	<u>\$ 4,584</u>	<u>\$ 1,156</u>	<u>\$ 5,740</u>

10. Insurance Programs

Healthcare is a defendant in certain lawsuits and may be subject to additional claims alleging professional liability. Effective November 1, 1978, Healthcare began insuring basic professional and general liability coverage, subject to a nominal deductible, through the Chicago Hospital Risk Pooling Program (CHRPP). CHRPP is a self-insured trust established under the Illinois Religious and Charitable Risk Pooling Trust Act of 1977. CHRPP provides coverage through the use of three funds, "A," "B," and "X." While the "A" fund is hospital-specific, the "B" and "X" funds are pooled funds, which include all CHRPP members. Following an actuarial formula, contributions, reserves, and payment of losses are allocated to each fund based on varying percentages, which may be subject to future retroactive adjustments.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Insurance Programs (continued)

Effective January 1, 2003, the coverage changed from an occurrence basis to a claims-made basis. Accordingly, Healthcare recorded an actuarial estimate of its tail liability of \$7,639,000 and \$7,070,000 at September 30, 2010 and 2009, discounted at 5.0% and 5.5%, respectively, and included in other long-term liabilities in the consolidated balance sheets. The corresponding undiscounted estimate is \$10,408,000 and \$9,815,000 at September 30, 2010 and 2009, respectively. Actuarial estimates are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions. The actual claim payments could be materially different from the estimate. Healthcare and subsidiaries are also covered by an excess liability policy with limits of \$5,000,000 in the aggregate per year for calendar years 2010 and 2009.

In the opinion of management, although certain of these claims could potentially exceed Healthcare and subsidiaries' coverage, the final premiums and costs under this arrangement and the ultimate disposition of claims covered under CHRPP and its excess coverage will not have a material adverse effect on the financial position of Healthcare.

During 2010, CHRPP announced that it would discontinue the issuance of professional and general liability coverage and commence a voluntary run-off of its claim portfolio effective January 1, 2011. As of that date, Healthcare established a self-insured retention program in which it retains the risk for all claims with individual values under \$4,000,000. An additional "buffer" self-insured retention exists for the first claim that exceeds \$4,000,000. Healthcare has obtained commercial insurance on an occurrence basis for claims exceeding the self-insured retention.

During 2007, the Hospital established an owner-controlled insurance program related to its patient care addition construction project, requiring a bank letter of credit in the amount of \$2,683,000. No amounts have been drawn on this letter of credit.

11. Commitments

Clinical Information Systems Project

In 2004, the Hospital began implementation of a clinical information system. This group of software applications provides electronic imaging of records, centralized scheduling for patient testing, electronic clinical documentation, a data repository, and other functions. As of September 30, 2010, approximately \$2,954,000 remains committed for the completion of the project.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Commitments (continued)

Patient Care Addition Project

In 2006, the Hospital received certificate of need and local zoning approval for construction of an eight-story patient care addition, a parking garage, and expansion of the existing surgery and emergency departments. Construction began in 2007, and as of September 30, 2010, approximately \$1,962,000 remains committed for the completion of the project.

Operating Lease Agreements

Healthcare leases space under operating lease agreements. Total expense recognized for operating lease agreements during 2010 and 2009 was approximately \$597,000 and \$417,000, respectively.

As of September 30, 2010, Healthcare is required to make the following future minimum payments under the operating lease agreements (in thousands):

2011	\$ 1,676
2012 and thereafter	10,260
	<u>\$ 11,936</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Retirement Plans

Substantially all employees of Healthcare participate in one of two retirement plans. The Northwest Community Hospital Employees' Retirement Plan (the Plan) is a trustee, noncontributory, defined-benefit plan. The Northwest Community Healthcare Employees' Retirement Plan (the DC Plan) is a defined-contribution plan.

Defined-Benefit Plan

ASC 715 requires plan sponsors of defined-benefit pension plans to recognize the funded status of their plans in the balance sheet, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end balance sheet, and provide additional disclosures. The provisions of ASC 715 regarding the change in the measurement date of the defined-benefit plan to Healthcare's fiscal year-end were effective for the year ended September 30, 2009. The effect of adopting the change in measurement date was a reduction of unrestricted net assets of \$3,295,132 as of October 1, 2008. A September 30 measurement date was utilized for 2010 and 2009.

On October 5, 2009, the Hospital elected to freeze benefit accruals for all participants in the Plan. An amendment to the Plan, effective December 31, 2009, eliminated all future benefit accruals, including participants' credited service, final average earnings and final average compensation amounts used to calculate Plan benefits. The plan amendment resulted in a decrease of \$38,954,000 in the projected benefit obligation and a curtailment charge of \$62,000 recognized in the net periodic pension costs for the year ended September 30, 2009.

The DB Plan's prior service cost and actuarial losses (gains) included in unrestricted net assets during 2010 and 2009 are \$10,859,000 and \$(3,393,000), respectively.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Retirement Plans (continued)

The status of the Plan at September 30 is as follows (in thousands):

	2010	2009
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 197,227	\$ 208,241
Service cost	3,320	12,075
Interest cost	10,409	17,445
Actuarial loss	16,863	12,732
Curtailment	62	(38,954)
Benefits paid	(10,624)	(14,312)
Projected benefit obligation at end of year	<u>\$ 217,257</u>	<u>\$ 197,227</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 155,965	\$ 162,148
Actual gain (loss) on plan assets	18,713	(9,693)
Employer contributions	6,500	17,822
Benefits paid	(10,624)	(14,312)
Fair value of plan assets at end of year	<u>\$ 170,554</u>	<u>\$ 155,965</u>
Funded status:		
Plan assets at fair value	\$ 170,554	\$ 155,965
Projected benefit obligation	<u>(217,257)</u>	<u>(197,227)</u>
Funded status as of measurement date	<u>(46,703)</u>	<u>(41,262)</u>
Unrestricted net assets:		
Adjustment to unrestricted net assets	(66,103)	(55,306)
Components of unrestricted net assets:		
Unrecognized net actuarial loss	<u>66,103</u>	<u>55,306</u>
Net amount recognized at end of year	<u>\$ (46,703)</u>	<u>\$ (41,262)</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Retirement Plans (continued)

Net periodic pension cost for the years ended September 30 for all of the Plan's participants consists of the following (in thousands):

	2010	2009
Service cost for benefits earned during the year	\$ 3,320	\$ 9,660
Interest cost on projected benefit obligation	10,409	13,956
Expected return on plan assets	(13,808)	(14,207)
Net amortization and deferral	1,100	3,698
Curtailment charge	—	62
Net periodic pension cost	\$ 1,021	\$ 13,169

The accumulated benefit obligation for the Plan was approximately \$217,257,000 and \$197,227,000 at September 30, 2010 and 2009, respectively.

Weighted-average assumptions used to determine benefit obligations at the measurement date are as follows:

	2010	2009
Discount rate	4.5%	5.5%
Expected long-term rate of return on plan assets	9.0%	9.0%
Rate of compensation increase	N/A	1.5–3.0%

Weighted-average assumptions used to determine net periodic pension cost for the years ended September 30 are as follows:

	2010	2009
Discount rate	5.5%	7.0%
Expected long-term rate of return on plan assets	9.0%	9.0%
Rate of compensation increase	1.5–3.0%	1.5–3.0%

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Retirement Plans (continued)

The expected long-term rate of return on plan assets was developed using expected investment returns of the Plan's investment portfolio. The portfolio's actual rate of return has averaged 5.2% since 2001.

The Plan's weighted-average asset allocations at September 30, 2010 and 2009, by asset category are as follows:

Asset category	Target	2010	2009
Equity securities	43%	44%	57%
Fixed income securities	47	46	40
Alternative investments	10	9	—
Cash equivalents	—	1	3
	100%	100%	100%

The Plan exists to provide retirement benefits for covered employees consistent with the long-term interests of the Plan's participants and their beneficiaries. The Plan's investment objectives may include, but are not limited to the following: maintaining a portfolio of assets of appropriate liquidity and diversification, which generate investment returns that, together with future contributions, are sufficient to maintain or improve the Plan's funding level; limiting the increase or variability of future contributions; and earning a rate of return in excess of a customized index.

Minimum contributions for 2011 are expected to be \$3,000,000.

The following are the Plan's financial instruments at September 30, 2010, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 6 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 719	\$ —	\$ —	\$ 719
Mutual funds:				
U.S. equity	49,795	—	—	49,795
International equity	25,314	—	—	25,314
Fixed income	58,817	—	—	58,817
High-yield bonds	13,178	—	—	13,178
Emerging markets debt	6,682	—	—	6,682
Hedge fund of funds	—	—	16,049	16,049
	\$ 154,505	\$ —	\$ 16,049	\$ 170,554

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Retirement Plans (continued)

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 6. Fair value measurements for Level 3 represents the Plan's ownership interests in the NAV of a limited partnership investing in hedge funds for which active markets do not exist (alternative investments). The fair values of the alternative investments that do not have readily determinable fair values are determined by the general partner or fund manager taking into consideration, among other things, the cost of the securities or other investments, prices of recent significant transfers of like assets and subsequent developments concerning the companies or other assets to which the alternative investments relate. There is inherent uncertainty in such valuations, and the estimated fair values may differ from the values that would have been used had a ready market for these investments existed. The Plan's alternative investments also have liquidity restrictions and can be divested only at specified times based on terms in the partnership agreements.

The Plan's investment assets are exposed to the same kinds and levels of risk as described in Note 6.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the period from October 1, 2009 to September 30, 2010 (in thousands):

	<u>Hedge Fund of Funds</u>
Value at October 1, 2009	\$ —
Purchases at cost	16,000
Change in unrealized gain related to holdings at September 30, 2010	49
Value at September 30, 2010	\$ 16,049

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Retirement Plans (continued)

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid (in thousands):

	Pension Benefits
2011	\$ 17,282
2012	17,619
2013	17,360
2014	17,620
2015	16,387
2016 to 2020	77,358

Defined-Contribution Plan

As of January 1, 2005, substantially all new employees are eligible for the DC Plan. Total DC Plan expense was approximately \$9,587,000 and \$4,433,000 in 2010 and 2009, respectively.

13. Functional Expenses

Healthcare provides general health care services to residents within its geographic location. Expenses related to providing these services are approximately as follows (in thousands):

	2010	2009
Health care services	\$ 393,650	\$ 394,120
General and administrative	86,989	87,038
Fundraising	527	584
	<u>\$ 481,166</u>	<u>\$ 481,742</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Illinois Hospital Assessment Program

In December 2008, the Illinois Hospital Assessment Program (HAP) was approved by the Federal Centers for Medicare and Medicaid Services (CMS) for the period July 1, 2008 through June 30, 2013. Under HAP, Illinois receives additional Federal Medicaid funds for the State's health care system administered by the Illinois Department of Healthcare and Family Services. HAP includes both a payment to the Hospital from the state and an assessment against the Hospital, which is paid to the state in the same year.

The Hospital recognized the following amounts in the years ended September 30, 2010 and 2009 (in thousands):

	2010	2009
HAP revenue in net patient service revenue	\$ 11,800	\$ 14,747
HAP assessment in operating expense	11,677	14,595
Net excess from HAP	\$ 123	\$ 152

15. Acquisition

On September 1, 2010, Health Services purchased certain assets and assumed certain liabilities of Affinity Health Care, LLC, a physician practice with offices in Arlington Heights and Buffalo Grove, Illinois. This transaction has been accounted for as a purchase under ASC 954-805, *Health Care Entities – Business Combinations*. Net liabilities of \$1,527,000 were assumed, and goodwill in the amount of \$17,920,000 was recorded in conjunction with this transaction.

16. Subsequent Events

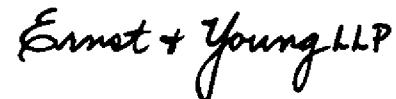
Healthcare and subsidiaries evaluated events and transactions occurring subsequent to September 30, 2010, through January 31, 2011, the date of issuance of the audited financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements.

Other Financial Information

Report of Independent Auditors on Other Financial Information

**The Audit and Compliance Committee and the Board of Directors
Northwest Community Healthcare and Subsidiaries**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying details of consolidated balance sheet and details of consolidated statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



January 31, 2011

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Balance Sheet

September 30, 2010

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	NWC Consolidating Eliminations	Total
Assets									
Current assets:									
Cash and cash equivalents	\$ 477,737	19,895,904	\$ 2,387,698	\$ 232,117	\$ 235,279	\$ 3,608,499	\$	\$	26,837,234
Investments restricted under bond financings	—	62,288	—	—	—	—	—	—	62,288
Patient accounts receivable, less allowance for uncollectable accounts (\$20,124,000)	50,433,368	—	250,018	—	—	1,606,929	—	—	52,290,315
Other receivables	415,999	1,114,188	761,609	503,445	—	—	—	—	2,795,241
Prepaid expenses and other	12,997,645	10,542	—	3,643	216,667	175,693	—	—	13,404,190
Due from affiliates	711,430	2,015,718	—	—	95,297	—	—	—	—
Total current assets	1,805,166	86,519,111	3,159,849	482,135	507,088	547,243	5,391,121	(2,822,445)	95,289,268
Assets limited as to use, at fair value:									
Internally designated for operations and liquidity									
Internally designated for capital replacement	225,268,672	—	104,611,294	15,593	—	—	—	—	104,626,887
Internally designated for insurance (NCHCI)	—	—	—	—	—	—	—	—	225,268,672
Internally designated for endowment	—	—	—	—	3,316,251	—	—	—	3,316,251
Externally designated for endowment	—	—	—	—	—	—	—	—	1,183,846
Total assets	225,268,672	104,611,294	225,268,672	—	3,316,251	—	—	—	335,460,544
Property and equipment, at cost:									
Land and land improvements	6,202,474	15,686,099	—	30,357	—	—	—	—	21,980,530
Buildings	33,153,448	294,267,379	—	8,347,746	—	—	—	—	335,768,573
Fixed equipment and leasehold improvements	7,168,498	207,002,798	—	4,514,643	—	—	—	—	218,685,939
Major movable equipment	1,778,498	97,737,375	—	4,799,979	—	3,555,000	1,992,023	—	109,858,835
Construction-in-progress	7,142,144	9,911,486	—	—	—	—	—	—	17,053,630
Less accumulated depreciation	55,505,022	624,603,137	—	17,892,725	—	3,555,000	1,992,023	—	703,347,907
(23,537,164)	(216,697,059)	—	(9,773,933)	—	(3,199,500)	(33,200)	—	(253,241,756)	—
Total assets	31,967,858	407,905,178	—	7,918,792	—	355,500	1,958,823	—	450,106,151
Interest in net assets of Foundation									
Interest in affiliate	—	5,433,417	—	—	—	—	—	—	(5,433,417)
Other long-term assets	1,370,046	—	—	—	—	—	—	(1,370,046)	—
Investment in subsidiaries	20,033,814	7,141,124	1,124,722	—	797,738	—	17,919,940	—	26,983,524
Total assets	21,403,860	12,574,341	1,124,722	—	797,738	—	(20,033,814)	(26,837,277)	24,983,524
	\$ 280,245,556	\$ 611,610,124	\$ 6,548,898	\$ 8,400,937	\$ 4,621,077	\$ 902,743	\$ 25,269,834	\$ (29,659,722)	\$ 907,939,487

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Balance Sheet (continued)

September 30, 2010

Liabilities, net assets, and equity	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC-CyberKnife, LLC	NWC Health Services	Consolidating Eliminations	Total
Current liabilities:									
Accounts payable	\$ 221,461	17,767,845	\$ 7,033	\$ 249,904	\$ 3,251,031	\$ 10,000	63,373	\$ 18,309,616	
Accrued expenses and other	1,421,553	43,817,318	194,188	476,939			1,266,666		50,437,715
Current maturities of long-term debt obligations		5,475,000					250,257		5,725,257
Due to third-party payors		30,299,914							30,301,219
Due to affiliates		696,660							
Total current liabilities	1,643,014	98,056,737	324,054	1,165,076	3,251,031	10,000	3,146,340	(2,822,445)	104,773,807
Long-term debt obligations, less current maturities:									
Series 2002B bonds		53,100,000							53,100,000
Series 2008A bonds		151,940,000							151,940,000
Series 2008B bonds		39,132,500							39,132,500
Series 2008C bonds		39,132,500							39,132,500
Capital lease obligations									
		283,305,000							283,305,000
Asset retirement obligation									
Other long-term liabilities		1,223,382							1,223,382
Interest rate swap		9,518,220							11,198,000
Pension obligation		1,975,139							1,975,139
Non-controlling interest in subsidiary		46,703,341							46,703,341
Total noncurrent liabilities		342,725,082							332,248
Total liabilities	1,643,014	440,781,819	324,054	1,317,856	3,251,031	10,000	5,821,818	(2,580,197)	450,565,395
Net assets and equity									
Unrestricted	278,602,542	165,394,898	484,275	7,083,071			45,719		(21,636,108)
Temporarily restricted		4,475,836	4,583,683						(4,475,836)
Permanently restricted		957,559	1,156,886						1,156,886
Common shares									20,121,000
Preferred shares									2,880,000
Retained earnings									(1,341,364)
Total net assets and equity	278,602,542	170,838,305	6,224,844	7,083,071	1,370,046	892,743	19,442,066	(27,969,125)	457,374,092
Total liabilities, net assets, and equity	\$ 280,245,556	\$ 611,610,124	\$ 6,548,898	\$ 8,400,927	\$ 4,621,077	\$ 902,743	\$ 25,269,884	\$ (29,659,722)	\$ 907,939,487

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

Year Ended September 30, 2010

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	Controlling Elections	Total
Revenue									
Net patient service revenue	\$ 429,129,515	\$ 589,176	\$ 15,197,247	\$ 1,414,310	\$ 1,157,077	\$ 11,000	\$ 1,837,465	\$ 21,125,938	\$ 446,164,227
Other operating revenue	12,145,729	589,176	2,577						20,850,212
Total revenue	7,656,301	441,275,244	589,176	15,199,324	1,414,310	1,157,077	1,848,465	(2,125,938)	467,014,439
Expenses									
Salaries and employee benefits	2,314,562	238,276,145	1,030,572	6,293,388	—	8,435	1,872,778	(146,810)	249,649,970
Supplies and other	1,601,193	91,240,103	140,003	5,584,983	1,520,503	3,880	296,937	(2,156,193)	98,231,429
Professional fees and purchased services	2,076,742	45,312,961	56,723	487,889	406,069	407,286	197,339	(5,555)	48,939,554
Depreciation	1,702,687	32,064,890	—	1,073,460	—	711,000	33,290	—	36,385,237
Provision for uncollectible accounts	42,610	28,899,849	(20,867)	164,897	—	—	—	—	29,086,489
Illinois hospital assessment	—	11,676,662	—	—	—	—	—	—	11,676,662
Interest and amortization of deferred costs	—	7,190,482	—	—	—	—	7,195	—	7,197,607
Total expenses	7,737,794	455,461,092	1,206,431	13,604,617	1,926,572	1,130,601	2,407,399	(2,308,558)	481,165,948
Operating (loss) income	(81,493)	(14,185,848)	(617,235)	1,595,207	(512,262)	26,476	(558,934)	182,600	(14,151,599)
Nonoperating revenue (expense)									
Investment income	20,236,061	25,230	41,050	—	—	—	—	—	20,302,341
Change in value of interest rate swap	—	(896,370)	—	—	—	—	—	—	(896,370)
Other	(338,094)	258,515	—	(14,681)	174,168	—	—	155,494	235,402
Net nonoperating revenue (expense)	19,897,967	(612,625)	41,050	(14,681)	174,168	—	—	155,494	19,641,373
Adjustment for non-controlling interest in net gain of subsidiary	—	—	—	—	—	—	—	(7,001)	(7,001)
Excess (deficiency) of revenue over expenses	19,816,474	(14,798,473)	(576,205)	1,580,526	(338,094)	26,476	(558,934)	331,093	5,482,863

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	Consolidating Eliminations	Total
Unrestricted net assets									
Excess (deficiency) of revenue over expenses	\$ 19,816,474	\$ (14,798,473)	\$ (576,205)	\$ 1,580,526	\$ (338,094)	\$ 26,476	\$ (558,934)	\$ 331,093	\$ 5,482,863
Transfers (to) from affiliates	(49,366,356)	55,466,356	(3,100,000)	(3,000,000)	1,000,000	—	20,000,000	(21,000,000)	—
Pension-related changes other than net periodic pension cost	—	(10,859,112)	—	—	—	—	—	—	(10,859,112)
Net effect of endowment reclassification	—	—	(128,177)	—	—	—	—	—	(128,177)
Net assets released from restrictions used for purchase of property and equipment	—	2,631,298	—	—	—	—	—	—	2,631,298
Distribution to CyberKnife investors	—	—	—	—	(822,663)	—	—	—	—
(Decrease) increase in unrestricted net assets	(29,549,882)	32,440,069	(3,804,182)	(1,419,474)	661,906	(796,187)	19,441,066	(19,846,244)	(2,873,128)
Temporarily restricted net assets									
Contributions	—	—	1,748,173	—	—	—	—	—	1,748,173
Investment income	—	—	36,922	—	—	—	—	—	36,922
Transfers to affiliates	—	—	(3,200,663)	—	—	—	—	—	—
Net assets released from restrictions used for: Purchase of property and equipment	—	(2,631,299)	—	—	—	—	—	—	(2,631,299)
Operations	—	(569,364)	(26,749)	—	—	—	—	—	(596,113)
Change in interest in net assets of the Foundation	—	—	—	—	—	—	—	—	—
Decrease in temporarily restricted net assets	(53,087)	1,769,433	—	—	—	—	—	(1,716,346)	—
	(53,087)	(1,431,230)	(1,462,317)	—	—	—	—	—	—
								—	—
Permanently restricted net assets									
Contributions	—	—	6,365	—	—	—	—	—	6,365
Net effect of endowment reclassification	—	—	128,177	—	—	—	—	—	128,177
Change in interest in net assets of the Foundation	—	161,206	—	—	—	—	—	(161,206)	—
Increase in permanently restricted net assets	—	161,206	134,542	—	—	—	—	(161,206)	134,542
(Decrease) increase in net assets	(29,402,969)	31,170,045	(5,112,157)	(1,419,474)	661,906	(796,187)	19,441,066	(18,523,133)	(4,180,903)
Net assets at beginning of year	308,205,511	139,658,257	11,337,003	8,502,545	708,140	1,688,939	1,000	(8,546,391)	461,554,995
Net assets at end of year	\$ 278,602,542	\$ 170,828,302	\$ 6,224,846	\$ 7,083,071	\$ 1,370,046	\$ 892,743	\$ 19,447,066	\$ (27,059,524)	\$ 457,374,092

Supplemental Information



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Report of Independent Auditors on Supplemental Information

The Audit and Compliance Committee and the Board of Directors
Northwest Community Healthcare and Subsidiaries

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following supplemental information for the years ended September 30, 2010 and 2009, is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements, and accordingly, we express no opinion on it.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

January 31, 2011

Northwest Community Healthcare and Subsidiaries
Charity Care and Community Benefits (Unaudited)

The policy of Healthcare is to treat patients in immediate need of medical services without regard to their ability to pay for such services. Healthcare maintains records to identify and monitor the level of charity care provided. These records include the amount of estimated costs for services rendered and supplies furnished under its charity care policy. The estimated difference between the cost of services provided to Medicare and Medicaid patients and the reimbursement from these governmental programs is also monitored. Healthcare operates or funds two primary care clinics, a mobile dental clinic, and a community center serving low-income families in its service area. In addition, Healthcare provides community benefits in the form of health and wellness education, translation services, maternal/child classes, paramedic training, health screenings, support groups, physician referral, and other social services.

During the years ended September 30, 2010 and 2009, the following levels of charity care and community benefit were provided (in thousands):

	2010	2009
Cost of charity care provided	\$ 8,905	\$ 6,645
Estimated excess of cost over reimbursement for Medicare patients	52,961	52,006
Estimated excess of cost over reimbursement for Medicaid patients	28,289	21,553
Cost of other community benefits	3,568	4,130
Cost to operate clinics	203	322
Cost to operate Palatine Opportunity Center	280	324
Total	\$ 94,206	\$ 84,980

Medicaid reimbursement included \$11,800,000 and \$14,747,000 in 2010 and 2009, respectively, of additional Medicaid funding received/receivable under the Illinois Hospital Assessment Program (HAP). In addition, the Hospital incurred expenses of \$11,677,000 and \$14,595,000 in 2010 and 2009, respectively, related to HAP (see Note 14).