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Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

OSF HEALTHCARE SYSTEM IS A CATHOLIC INTEGRATED HEALTH CARE DELIVERY SYSTEM WHICH DURING ITS FISCAL YEAR 2010 OPERATED 7 HOSPITALS, 1 NURSING HOME, 6 HOME HEALTH AGENCIES, 5 HOSPICES, AND EMPLOYED MORE THAN 500 PHYSICIANS ALL PATIENTS ARE ACCEPTED REGARDLESS OF THEIR ABILITY TO PAY ALL FACILITIES, SERVICES, PHYSICIANS AND OTHER PROFESSIONAL STAFF OF OSF HEALTHCARE SYSTEM SERVE ALL PATIENTS WITHOUT REGARD TO RACE, RELIGION, AGE, SEX, NATIONAL ORIGIN, PAYER SOURCE OR ABILITY TO PAY THE BOARD OF DIRECTORS HAS ADOPTED CHARITY CARE POLICIES AND PROCEDURES WHICH APPLY FOR ALL FACILITIES AND SERVICES OF THE CORPORATION THE AVAILABILITY OF CHARITY CARE IS COMMUNICATED TO PATIENTS IN NUMEROUS WAYS, INCLUDING USE OF FINANCIAL COUNSELORS, PATIENT INFORMATION BROCHURES, AND NOTICES ON PATIENT BILLINGS CHARITY CARE APPLICATIONS AND INSTRUCTIONS ARE AVAILABLE ON WEBSITES MAINTAINED BY THE CORPORATION AND UPON A REQUEST MADE TO ANY OF THE CORPORATION'S FACILITIES OR OFFICES OSF HEALTHCARE SYSTEM

2

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

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

3

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

If "Yes," describe these changes on Schedule O

4






















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

4a	(Code) (Expenses \$ 599,520,644 including grants of \$ 2,134,036) (Revenue \$ 827,173,276) Inpatient services - SEE Schedule O
4b	(Code) (Expenses \$ 469,444,431 including grants of \$ 0) (Revenue \$ 638,624,627) Outpatient Services - SEE Schedule O
4c	(Code) (Expenses \$ 224,868,078 including grants of \$ 0) (Revenue \$ 83,839,394) Physician Services - SEE Schedule O
4d	Other program services (Describe in Schedule O) (Expenses \$ 197,864,946 including grants of \$ 77,603) (Revenue \$ 154,252,877)
4e	Total program service expenses \$ 1,491,698,099

Form **990** (2010)

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	Yes	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		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	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33	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	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			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		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	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	715
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	14,284
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

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

Section A. Governing Body and Management

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

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

		Yes	No
10a	Does the organization have local chapters, branches, or affiliates?		No
10b	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?	Yes	
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	Yes	
16b	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	

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 **MR DANIEL BAKER
800 NE GLEN OAK AVE
PEORIA, IL 61603
(309) 655-3638**

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) James M Moore Vice Chairperson, CEO Retired	40 0	X		X				1,044,883	0	12,553
(2) Kevin D Schoeplein Vice Chairperson, CEO	40 0	X		X				861,725	0	323,488
(3) Vance C Parkhurst Senior Vice President	40 0	X						353,443	0	43,085
(4) Gerard J Mcshane MD President & CEO, Board Member	40 0	X						530,740	0	44,695
(5) Sister Diane Marie MCGREW OSF PRESIDENT/TREASURER	40 0	X		X				0	4,480	0
(6) Sister Theresa Ann Brazeau OSF Secretary	40 0	X		X				0	4,480	0
(7) Sister Judith Ann Duvall OSF Chairperson	40 0	X		X				0	4,480	0
(8) Sister Rose Therese Mann OSF Board Member	40 0	X						0	0	0
(9) Sister Agnes Joseph Williams OSF Assistant Secretary	40 0	X		X				0	4,480	0
(10) James W Girardy MD BOARD MEMBER	3 0	X						0	0	0
(11) Sister Maria Elena Padilla OSF Board Member	40 0	X						0	0	0
(12) Leonard E Nevitt Board Member	25	X						0	0	0
(13) Susan Campbell Senior VP, Board Member	40 0	X						284,013	0	40,594
(14) Daniel E Baker Senior Vice President & CFO	40 0			X				532,351	0	337,339
(15) Syed M Hussain MD Physician, Vascular Surgery	40 0					X		1,081,439	0	27,862
(16) Daniel R Fassett MD Physician, Neurosurgery	40 0					X		1,673,104	0	14,055

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Travis D Richardson MD Physician, Orthopedics	40 0					X		1,240,137	0	28,409
(18) Jeffrey D Klopfenstein MD Physician, Neurosurgery	40 0					X		1,360,648	0	33,104
(19) Jan P Skowronski MD Physician, Cardiologist	40 0					X		1,044,290	0	25,600
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								10,006,773	17,920	930,784

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▶811

	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>		No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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>		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
UNIV OF IL COLLEGE OF MEDICINE PO BOX 4196 SPRINGFIELD, IL 627084196	TEACHING PHYSICIANS	15,516,095
HINSHAW CULBERTSON LLP 222 N LASALLE ST STE 300 FD-6 CHICAGO, IL 60601	LEGAL	6,888,320
ASSOC ANESTHESIOLOGISTS SC 8600 N STATE RT 91 SUITE 250 PEORIA, IL 616159452	Anesthesiology Svs	2,870,764
CENTRAL IL PATHOLOGY SC PO BOX 9190 PEORIA, IL 616129190	PATHOLOGY SERVICES	1,504,030
ROCKFORD ANESTHESIOLOGISTS ASSOC 2202 HARLEM RD STE 200 LOVES PARK, IL 611112754	Anesthesiology Svs	1,456,200
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 ▶54		

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	8,232,247			
	e	Government grants (contributions)	1e	12,518,766			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	211,755			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		20,962,768			
	Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	900099	1,674,020,252	1,674,020,252	
b		AFFILIATED PURCHASING PROGRAM	561499	1,505,349		1,505,349	
c		LAB	621500	3,821,448		3,821,448	
d		FARM INCOME	110000	42,660		42,660	
e		COLLECTION FEE	900099	4,927		4,927	
f		All other program service revenue					
g		Total. Add lines 2a-2f		1,679,394,636			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		35,842,592		35,842,592
		4	Income from investment of tax-exempt bond proceeds		0		
	5	Royalties		0			
	6a	Gross Rents	(i) Real 2,523,459	(ii) Personal			
	b	Less rental expenses	2,479,840				
	c	Rental income or (loss)	43,619				
	d	Net rental income or (loss)		43,619		43,619	
	7a	Gross amount from sales of assets other than inventory	(i) Securities 21,300	(ii) Other			
	b	Less cost or other basis and sales expenses	7,125				
	c	Gain or (loss)	14,175				
	d	Net gain or (loss)		14,175		14,175	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		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					
c	Net income or (loss) from sales of inventory		0				
Miscellaneous Revenue			Business Code				
11a	TUITION	900099	8,025,231	8,025,231			
b	INCOME FROM JOINT VENTURES	900099	5,077,181	5,077,181			
c	CAFETERIA	900099	2,319,952			2,319,952	
d	All other revenue		12,680,599	11,393,126	330,930	956,543	
e	Total. Add lines 11a-11d		28,102,963				
12	Total revenue. See Instructions		1,764,360,753	1,698,515,790	5,705,314	39,176,881	

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	2,134,036	2,134,036		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	77,603	77,603		
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	2,361,850	0	2,361,850	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	601,938,830	565,503,599	34,929,892	1,505,339
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	49,739,894	44,798,504	4,941,390	0
9	Other employee benefits	92,806,696	90,269,424	2,537,272	0
10	Payroll taxes	45,144,551	41,539,542	3,605,009	0
a	Fees for services (non-employees) Management	0			
b	Legal	3,751,555	2,087,142	1,664,063	350
c	Accounting	478,550	342,550	136,000	0
d	Lobbying	0			
e	Professional fundraising services See Part IV, line 17	100,336			100,336
f	Investment management fees	0			
g	Other	54,298,694	44,386,969	9,911,725	0
12	Advertising and promotion	6,520,801	6,042,819	328,257	149,725
13	Office expenses	10,219,333	9,424,293	760,701	34,339
14	Information technology	15,020,385	2,876,109	12,144,276	0
15	Royalties	0			
16	Occupancy	17,393,594	16,380,156	1,002,888	10,550
17	Travel	4,956,736	3,772,360	1,167,342	17,034
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	2,670,553	2,147,676	512,212	10,665
20	Interest	43,187,091	282,763	42,904,328	0
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	98,399,305	80,940,595	17,458,710	0
23	Insurance	21,932,282	21,867,275	65,007	0
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	SUPPLIES	254,194,465	253,183,553	719,092	291,820
b	EQUIP RENTAL & MAINT	142,277,824	135,288,912	6,731,877	257,035
c	BAD DEBT	91,103,623	91,103,623	0	0
d	MEDICAID FEES	33,897,197	33,897,197	0	0
e	DATA PROCESSING	22,319,009	19,767,512	2,551,497	
f	All other expenses	35,060,594	23,583,887	9,714,951	1,761,756
25	Total functional expenses. Add lines 1 through 24f	1,651,985,387	1,491,698,099	156,148,339	4,138,949
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	1,866,917	1,652,106	211,920	2,892

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			90,378,420	2	105,037,151
	3	Pledges and grants receivable, net			8,216,421	3	7,224,184
	4	Accounts receivable, net			267,130,376	4	332,073,347
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			20,139,680	8	19,336,204
	9	Prepaid expenses and deferred charges			2,333,615	9	6,570,936
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	1,826,467,188	842,133,174	10c	812,776,075
	b	Less accumulated depreciation	10b	1,013,691,113			
	11	Investments—publicly traded securities			616,872,557	11	627,988,373
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11			39,917,463	13	39,575,545
	14	Intangible assets			6,631,798	14	6,631,798
	15	Other assets See Part IV, line 11			315,027,582	15	310,603,559
16	Total assets. Add lines 1 through 15 (must equal line 34)			2,208,781,086	16	2,267,817,172	
Liabilities	17	Accounts payable and accrued expenses			122,294,587	17	137,154,631
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			850,302,929	20	832,282,449
	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			515,690,799	25	545,592,052
	26	Total liabilities. Add lines 17 through 25			1,488,288,315	26	1,515,029,132
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			669,111,873	27	693,251,306
	28	Temporarily restricted net assets			41,725,824	28	47,706,091
	29	Permanently restricted net assets			9,655,074	29	11,830,643
	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			720,492,771	33	752,788,040
34	Total liabilities and net assets/fund balances			2,208,781,086	34	2,267,817,172	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,764,360,753
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,651,985,387
3	Revenue less expenses Subtract line 2 from line 1	3	112,375,366
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	720,492,771
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-80,080,097
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	752,788,040

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization OSF Healthcare System	Employer identification number 37-0813229
---	--

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)		No
11g(ii)		No
11g(iii)		No

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

Part II

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

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

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

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

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

Part IIIPart III

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶						

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

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

Part IV

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

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization OSF Healthcare System	Employer identification number 37-0813229
---	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?	Yes		
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		612,663
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV		No	
	j Total lines 1c through 1i			612,663
	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?			No	

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
Mailing Expenses	Part II-B, Line 1d	The only cost of mailing related to lobbying expenses related to the cost of stamps. The total expenditures related to mailing is minor and the actual dollar amount is not readily available.
Legislative Contacts	Part II-B, Line 1g	Schedule C, Part II-B, Line 1g includes lobbying expenses paid to various national health associations as part of dues and subscriptions in the amount of \$172,663.

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
OSF Healthcare System

Employer identification number
37-0813229

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	

Part II

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

1

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

☐ 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

1b

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

▶ \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	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	4,602,136	3,235,168	2,718,442		
b Contributions	2,175,569	1,384,559	493,944		
c Investment earnings or losses	-25,923	325,603	32,954		
d Grants or scholarships	34,744	343,194	10,172		
e Other expenditures for facilities and programs		0	0		
f Administrative expenses		0	0		
g End of year balance	6,717,038	4,602,136	3,235,168		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

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

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		17,036,517		17,036,517
b Buildings		975,873,533	393,498,270	582,375,263
c Leasehold improvements		7,564,474	6,493,229	1,071,245
d Equipment		784,972,426	596,334,202	188,638,224
e Other		41,020,238	17,365,412	23,654,826
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				812,776,075

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
SUPPLEMENTAL INFORMATION		OSF adopted ASC Subtopic 740-10, Accounting for Uncertainty in Income Taxes - an interpretation of FASB statment No. 109. The interpretation addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, OSF must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures. As of September 30, 2010 and 2011, OSF does not have a liability for unrecognized tax benefits.
Part V, Line 4		The organization's endowment funds are used to provide scholarships to nursing students, acquire equipment and support programs of various medical departments of the OSF Healthcare System hospitals.

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.

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

Employer identification number

37-0813229

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a <input checked="" type="checkbox"/> Mail solicitations	e <input checked="" type="checkbox"/> Solicitation of non-government grants
b <input type="checkbox"/> Internet and e-mail solicitations	f <input checked="" type="checkbox"/> Solicitation of government grants
c <input checked="" type="checkbox"/> Phone solicitations	g <input checked="" type="checkbox"/> Special fundraising events
d <input checked="" type="checkbox"/> In-person solicitations	

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☒ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
American City Bureau Inc Professi	Consulting Services		No	0	100,336	0
Total				0	100,336	0

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

IL, MI

Part II Fundraising Events.

Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		(event type)	(event type)	(total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts			
	2	Less Charitable contributions			
	3	Gross income (line 1 minus line 2)			
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes			
	6	Rent/facility costs			
	7	Food and beverages			
	8	Entertainment			
	9	Other direct expenses			
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			

Part III Gaming.

Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming
					(Add col (a) through col (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor			
		<input type="checkbox"/> Yes _____% <input type="checkbox"/> No	<input type="checkbox"/> Yes _____% <input type="checkbox"/> No	<input type="checkbox"/> Yes _____% <input type="checkbox"/> No	
		7 Direct expense summary Add lines 2 through 5 in column (d) ▶			
		8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☐ No

12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a
b	An outside facility	13b

14

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ _____

Address ▶ _____

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____

c

If "Yes," enter name and address

Name ▶ _____

Address ▶ _____

16 Gaming manager information

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

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

Name of the organization
OSF Healthcare System

Employer identification number
37-0813229

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
1b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> 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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>175. %</u> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>600. %</u> c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
5c	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?		No
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			63,751,889	0	63,751,889	3 900 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			234,065,255	198,493,613	35,571,642	2 200 %
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			297,817,144	198,493,613	99,323,531	6 100 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,574,674	412,183	1,162,491	0 100 %
f Health professions education (from Worksheet 5)			60,115,965	24,923,030	35,192,936	2 100 %
g Subsidized health services (from Worksheet 6)			28,991,899	10,391,783	18,600,116	1 100 %
h Research (from Worksheet 7)			1,252,274	188,007	1,064,267	0 100 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,892,686	0	1,892,686	0 100 %
j Total Other Benefits			93,827,498	35,915,003	57,912,496	3 500 %
k Total. Add lines 7d and 7j			391,644,642	234,408,616	157,236,027	9 600 %

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		22,645		22,645	
8	Workforce development					
9	Other					
10	Total		22,645		22,645	

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	28,245,902	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	433,623,306	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	501,174,620	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-67,551,314	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used. <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	NONE			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 7

Schedule H (Form 990) 2010

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Saint Francis Medical Center

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>600</u> %	10	Yes
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes
	a <input checked="" type="checkbox"/> Income level		
	b <input type="checkbox"/> Asset level		
	c <input checked="" type="checkbox"/> Medical indigency		
	d <input checked="" type="checkbox"/> Insurance status		
	e <input checked="" type="checkbox"/> Uninsured discount		
	f <input type="checkbox"/> Medicaid/Medicare		
	g <input checked="" type="checkbox"/> State regulation		
	h <input checked="" type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance?	12	Yes
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes
	a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
	b <input type="checkbox"/> The policy was attached to all billing invoices		
	c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
	d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
	e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
	f <input checked="" type="checkbox"/> The policy was available upon request		
	g <input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: St Anthony Medical Center

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>600</u> %	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes	
a <input checked="" type="checkbox"/> Income level				
b <input type="checkbox"/> Asset level				
c <input checked="" type="checkbox"/> Medical indigency				
d <input checked="" type="checkbox"/> Insurance status				
e <input type="checkbox"/> Uninsured discount				
f <input type="checkbox"/> Medicaid/Medicare				
g <input checked="" type="checkbox"/> State regulation				
h <input checked="" type="checkbox"/> Other (describe in Part VI)				
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes	
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site				
b <input type="checkbox"/> The policy was attached to all billing invoices				
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms				
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices				
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility				
f <input checked="" type="checkbox"/> The policy was available upon request				
g <input type="checkbox"/> Other (describe in Part VI)				

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: St Joseph Medical Center

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>600</u> %	10	Yes
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes
	a <input checked="" type="checkbox"/> Income level		
	b <input type="checkbox"/> Asset level		
	c <input checked="" type="checkbox"/> Medical indigency		
	d <input checked="" type="checkbox"/> Insurance status		
	e <input checked="" type="checkbox"/> Uninsured discount		
	f <input type="checkbox"/> Medicaid/Medicare		
	g <input checked="" type="checkbox"/> State regulation		
	h <input checked="" type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance?	12	Yes
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes
	a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
	b <input type="checkbox"/> The policy was attached to all billing invoices		
	c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
	d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
	e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
	f <input checked="" type="checkbox"/> The policy was available upon request		
	g <input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: St Mary Medical Center

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 4

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>350</u> %	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes	
a <input checked="" type="checkbox"/> Income level				
b <input type="checkbox"/> Asset level				
c <input checked="" type="checkbox"/> Medical indigency				
d <input checked="" type="checkbox"/> Insurance status				
e <input checked="" type="checkbox"/> Uninsured discount				
f <input type="checkbox"/> Medicaid/Medicare				
g <input checked="" type="checkbox"/> State regulation				
h <input checked="" type="checkbox"/> Other (describe in Part VI)				
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes	
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site				
b <input type="checkbox"/> The policy was attached to all billing invoices				
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms				
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices				
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility				
f <input checked="" type="checkbox"/> The policy was available upon request				
g <input type="checkbox"/> Other (describe in Part VI)				

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility:St Francis Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A):5

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>350</u> %	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes	
a <input checked="" type="checkbox"/> Income level				
b <input type="checkbox"/> Asset level				
c <input type="checkbox"/> Medical indigency				
d <input type="checkbox"/> Insurance status				
e <input type="checkbox"/> Uninsured discount				
f <input type="checkbox"/> Medicaid/Medicare				
g <input type="checkbox"/> State regulation				
h <input type="checkbox"/> Other (describe in Part VI)				
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes	
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site				
b <input type="checkbox"/> The policy was attached to all billing invoices				
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms				
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices				
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility				
f <input checked="" type="checkbox"/> The policy was available upon request				
g <input type="checkbox"/> Other (describe in Part VI)				

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: SAINT JAMES HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 6

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>350</u> %	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes	
a <input checked="" type="checkbox"/> Income level				
b <input type="checkbox"/> Asset level				
c <input checked="" type="checkbox"/> Medical indigency				
d <input checked="" type="checkbox"/> Insurance status				
e <input checked="" type="checkbox"/> Uninsured discount				
f <input type="checkbox"/> Medicaid/Medicare				
g <input checked="" type="checkbox"/> State regulation				
h <input checked="" type="checkbox"/> Other (describe in Part VI)				
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes	
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site				
b <input type="checkbox"/> The policy was attached to all billing invoices				
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms				
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices				
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility				
f <input checked="" type="checkbox"/> The policy was available upon request				
g <input type="checkbox"/> Other (describe in Part VI)				

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: OSF HOLY FAMILY MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 7

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175</u> %	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>350</u> %	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes	
a <input checked="" type="checkbox"/> Income level				
b <input type="checkbox"/> Asset level				
c <input checked="" type="checkbox"/> Medical indigency				
d <input checked="" type="checkbox"/> Insurance status				
e <input checked="" type="checkbox"/> Uninsured discount				
f <input type="checkbox"/> Medicaid/Medicare				
g <input checked="" type="checkbox"/> State regulation				
h <input checked="" type="checkbox"/> Other (describe in Part VI)				
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes	
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site				
b <input type="checkbox"/> The policy was attached to all billing invoices				
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms				
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices				
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility				
f <input checked="" type="checkbox"/> The policy was available upon request				
g <input type="checkbox"/> Other (describe in Part VI)				

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

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? 45

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
1	
2	
3	
4	
5	
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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		THE CORPORATION PROVIDES FREE CARE AND DISCOUNTED CARE TO HOSPITAL PATIENTS AND ALL OTHER PATIENTS IN THE FOLLOWING WAYS - FREE CHARITY CARE FOR PATIENTS WHOSE FAMILY INCOME IS LESS THAN 175% OF FEDERAL POVERTY GUIDELINES (FPG) FOR THEIR FAMILY SIZE - DISCOUNTED CHARITY CARE ON A SLIDING SCALE FOR PATIENTS WHOSE FAMILY INCOME IS BETWEEN 175% AND 600% OF FPG FOR THEIR FAMILY SIZE - CATASTROPHIC CHARITY CARE REGARDLESS OF INCOME OR ASSET LEVELS FOR MEDICALLY NECESSARY SERVICES WHICH EXCEED 25% OF ANNUAL FAMILY INCOME NO PATIENT PAYS MORE THAN 25% OF ANNUAL FAMILY INCOME IN A 12-MONTH PERIOD REGARDLESS OF INCOME OR ASSET LEVELS - 20% DISCOUNT FOR ALL UNINSURED PATIENTS WHO ARE NOT OTHERWISE ELIGIBLE FOR FREE, DISCOUNTED, OR CATASTROPHIC CHARITY CARE - ALL PATIENTS RECEIVE THE GREATEST DISCOUNT AVAILABLE UNDER ANY OF THESE PROGRAMS NO ASSET TESTS ARE USED - EXCEPT AS OTHERWISE NOTED, THESE POLICIES APPLY BOTH TO UNINSURED PATIENTS AND TO INSURED PATIENTS WITH RESPECT TO THE PATIENT RESPONSIBILITY AMOUNT

Identifier	ReturnReference	Explanation
PART I, LINE 7		COSTS REPORTED ON LINES 7 a, b, and c ARE CALCULATED USING THE RATIO OF PATIENT CARE COST-TO-CHARGES DERIVED FROM WORKSHEET 2 COSTS REPORTED ON LINES 7 e,f,g,h, and i ARE COSTS DERIVED FROM GENERAL LEDGER ACCOUNTS AND HOSPITAL DEPARTMENT COST CENTER REPORTS WHICH INCLUDE BOTH DIRECT AND INDIRECT COSTS LESS REVENUE LINE 7g REPRESENTS ALL PAYERS EXCLUDING MEDICARE, MEDCAID AND SELF-PAY

Identifier	ReturnReference	Explanation
PART I, LINE 7G		NET COSTS (TOTAL EXPENSE LESS REVENUE) OF THIRTEEN PHYSICIAN CLINICS ARE INCLUDED AS SUBSIDIZED HEALTH SERVICES ON PART I, LINE 7g SUCH NET COSTS TOTAL \$4,540,803

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN F		BAD DEBT EXPENSE IN THE AMOUNT OF \$91,103,623 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT WAS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES IN SCHEDULE H, PART I, LINE 7, COLUMN (F)

Identifier	ReturnReference	Explanation
PART III, LINE 4		IN GENERAL, AND IN ACCORDANCE WITH MEDICARE REGULATIONS, PATIENT ACCOUNT BALANCES ARE WRITTEN OFF TO BAD DEBT EXPENSE AFTER REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED AND THE ACCOUNT HAS BEEN SENT TO A COLLECTION AGENCY OR LAW FIRM. THE CORPORATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE. BAD DEBT EXPENSE REPORTED ON THE CORPORATION'S FINANCIAL STATEMENTS IS THE AGGREGATE AMOUNT WRITTEN OFF TO BAD DEBT EXPENSE (VALUED AT GROSS CHARGES) NET OF REVERSALS FOR PRESUMPTIVE CHARITY AS EXPLAINED BELOW. BAD DEBT EXPENSE REPORTED ON PART III, LINE 2 IS CALCULATED BY MULTIPLYING GROSS CHARGES WRITTEN OFF TO BAD DEBT EXPENSE TIMES THE RATIO OF PATIENT CARE COST-TO-CHARGES DERIVED FROM WORKSHEET 2. DISCOUNTS, INCLUDING ANY APPLICABLE THIRD PARTY PAYER CONTRACTUAL ALLOWANCES AND ANY CHARITY CARE DISCOUNTS (VALUED AT GROSS CHARGES), ARE APPLIED TO PATIENT ACCOUNT GROSS CHARGES TO DETERMINE THE ACCOUNT BALANCE BEFORE PATIENT PAYMENTS. THE AGGREGATE AMOUNT OF ALL PATIENT PAYMENTS IS THEN APPLIED TO THE ACCOUNT BALANCE. WHEN DETERMINATION IS MADE THAT NO FURTHER AMOUNTS CAN BE COLLECTED IN ACCORDANCE WITH THE CORPORATION'S BAD DEBT POLICY, THE REMAINING BALANCE IS WRITTEN OFF TO BAD DEBT EXPENSE. THE CORPORATION UTILIZES A PRESUMPTIVE CHARITY PROCEDURE FOR ALL PATIENTS WHO FAIL TO PROVIDE FINANCIAL INFORMATION NORMALLY CONSIDERED IN MAKING CHARITY ELIGIBILITY DETERMINATIONS BUT FOR WHOM THE CORPORATION IS ABLE TO OBTAIN COMPARABLE INFORMATION FROM INDEPENDENT SOURCES, INCLUDING CONTRACT SERVICE PROVIDERS WHO COMPILE CREDIT BUREAU AND OTHER INFORMATION WHEN SUCH INDEPENDENT VERIFICATION OF A PATIENT'S FINANCIAL INFORMATION IS OBTAINED, THE CORPORATION APPLIES THE SAME CHARITY DISCOUNT IT WOULD HAVE PROVIDED IF THE PATIENT HAD COMPLETED A CHARITY APPLICATION AND SUBMITTED SUCH FINANCIAL INFORMATION. SUCH PRESUMPTIVE CHARITY DETERMINATIONS MAY BE MADE AT ANY TIME THE NECESSARY FINANCIAL INFORMATION BECOMES AVAILABLE TO THE CORPORATION, AND PATIENTS ARE NOTIFIED IN WRITING OF THE CHARITY DISCOUNT AMOUNTS SO DETERMINED AND APPLIED. THEREFORE, THE CORPORATION DOES NOT BELIEVE THAT BAD DEBT EXPENSE REPORTED ON PART III, LINE 3 INCLUDES ANY AMOUNTS THAT REASONABLY COULD BE ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY QUALIFY UNDER THE CORPORATION'S CHARITY CARE POLICY.

Identifier	ReturnReference	Explanation
PART III, LINE 8		100% OF THE MEDICARE SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT OSF IS COMMITTED TO SERVING PATIENTS, REGARDLESS OF ABILITY TO PAY OR IF THE PAYMENTS TO BE RECEIVED WILL BE LESS THAN THE COST TO PROVIDE THE SERVICE, WHICH IS THE CASE FOR MEDICARE AND MEDICAID PATIENTS THE MEDICARE ALLOWABLE COSTS ON LINE 6 PART III HAVE BEEN CALCULATED BY MULTIPLYING MEDICARE CHARGES BY THE PATIENT CARE COST TO CHARGE RATIO DERIVED FROM WORKSHEET 2 THE AMOUNT IS COMPARED TO TOTAL MEDICARE PAYMENTS RECEIVED INCLUDING DSH AND IME PAYMENTS THIS SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT SINCE IT REFLECTS UNREIMBURSED COSTS TO THE HEALTH SYSTEM FOR PROVIDING MEDICAL SERVICES TO THE MEDICARE RESIDENTS OF THE COMMUNITY

Identifier	ReturnReference	Explanation
PART III, LINE 9B		<p>THE CORPORATION HAS A FAIR BILLING/COLLECTION POLICY WHICH APPLIES FOR ALL PATIENTS THE POLICY INCLUDES - REQUIRED INFORMATION PROVIDED IN BILLS TO PATIENTS (INCLUDING A REQUIREMENT THAT INFORMATION BE PROVIDED ON HOW THE PATIENT MAY APPLY FOR CHARITY CARE) - PROCESS FOR PATIENTS TO INQUIRE ABOUT OR DISPUTE A BILL, INCLUDING TOLL-FREE TELEPHONE NUMBER, ADDRESS, CONTACT NAME, AND E-MAIL ADDRESS - REQUIREMENTS FOR TIMELY RESPONSE TO PATIENT INQUIRIES - CONDITIONS WHICH MUST BE SATISFIED AND VERIFIED BY AN AUTHORIZED HOSPITAL REPRESENTATIVE BEFORE THE ACCOUNT OF AN UNINSURED PATIENT MAY BE SENT TO A COLLECTION AGENCY OR ATTORNEY - THE CORPORATION'S HOSPITALS ARE REQUIRED TO OFFER A REASONABLE PAYMENT PLAN (BASED ON STATE WAGE GARNISHMENT LIMITS) TO UNINSURED PATIENTS - LEGAL ACTION FOR NON-PAYMENT OF A PATIENT BILL MAY NOT BE INITIATED UNTIL AN AUTHORIZED HOSPITAL OFFICIAL HAS DETERMINED THAT ALL CONDITIONS IN THE CORPORATION'S POLICY (INCLUDING ALL OF THE FOREGOING POLICY PROVISIONS) HAVE BEEN SATISFIED FOR INITIATING LEGAL ACTION - LEGAL ACTION MAY NOT BE PURSUED AGAINST UNINSURED PATIENTS WHO HAVE DEMONSTRATED THAT THEY HAVE NEITHER SUFFICIENT INCOME NOR ASSETS TO MEET THEIR FINANCIAL OBLIGATIONS - EVEN IF SUCH PATIENTS ARE NOT ELIGIBLE FOR CHARITY CARE ASSISTANCE - THE CORPORATION SHALL NOT FILE A JUDGMENT LIEN AGAINST THE PRIMARY RESIDENCE OF ANY DEBTOR (EXCEPTIONS MAY BE APPROVED IN RARE CASES BY SENIOR OFFICERS OF THE CORPORATION ONLY) - THE CORPORATION SHALL NOT OBTAIN A BODY ATTACHMENT AGAINST ANY PATIENT OR GUARANTOR - THE CORPORATION SHALL NOT ENGAGE IN ANY EXTRAORDINARY COLLECTION ACTIONS, SUCH AS SUBMITTING REPORTS TO CREDIT AGENCIES BEFORE REASONABLE ATTEMPTS TO DETERMINE ELIGIBILITY FOR CHARITY CARE ASSISTANCE HAVE BEEN COMPLETED</p>

Identifier	ReturnReference	Explanation
Explained the basis for calculating amounts charged to patients	Part V - LINE 11H	Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center Please refer to the response to Schedule H, Part I, Line 3C for a description of how the above mentioned facilities explained the basis for calculating amounts charged to patients

Identifier	ReturnReference	Explanation
Actions the hospital facility took before involving a collections agency	Part V, Line 17E	Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center Please refer to the response to Schedule H, Part III, Line 9 for a description of actions the above mentioned facilities took before initiating any of the collection actions checked in Schedule H, Part V, line 16

Identifier	ReturnReference	Explanation
amounts billed to uninsured or underinsured individuals	part v, line 19d	<p>Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center THE HOSPITAL DETERMINED THE AMOUNTS BILLED TO INDIVIDUALS WHO DID NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE IN THE FOLLOWING WAYS THE AMOUNT BILLED TO THE INDIVIDUAL WAS THE LOWEST AMOUNT DETERMINED UNDER ANY OF THE FOLLOWING METHODS WHICH APPLY TO THE INDIVIDUAL - FOR ILLINOIS RESIDENTS WHO INCUR GROSS CHARGES IN EXCESS OF \$300 FOR ANY ONE INPATIENT ADMISSION OR OUTPATIENT ENCOUNTER, WHO APPLY FOR FINANCIAL ASSISTANCE, AND WHO'S FAMILY INCOME IS 600% OR LESS OF THE FEDERAL POVERTY GUIDELINE FOR THEIR FAMILY SIZE, THE AMOUNT BILLED IS CALCULATED BY MULTIPLYING GROSS CHARGES TIMES THE HOSPITAL'S COST TO CHARGE RATIO DETERMINED FROM ITS MOST RECENTLY FILED MEDICARE COST REPORT AND THEN MULTIPLYING THAT PRODUCT TIMES 135% - THE AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY UNINSURED PATIENT WHO APPLIES AND DOES NOT OTHERWISE QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE IS LIMITED TO 80% OF GROSS CHARGES - THE MAXIMUM AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY PATIENT WHO APPLIES FOR FINANCIAL ASSISTANCE DOES NOT EXCEED 25% OF FAMILY INCOME St Francis Hospital THE HOSPITAL DETERMINED THE AMOUNTS BILLED TO INDIVIDUALS WHO DID NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE IN THE FOLLOWING WAYS THE AMOUNT BILLED TO THE INDIVIDUAL WAS THE LOWEST AMOUNT DETERMINED UNDER ANY OF THE FOLLOWING METHODS WHICH APPLY TO THE INDIVIDUAL - THE MAXIMUM AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY PATIENT WHO MEETS THE ELIGIBILITY CRITERIA OF THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY DOES NOT EXCEED 25% OF FAMILY INCOME DESCRIPTION AND REQUIRMENTS OF FINANCIAL ASSISTANCE POLICY ARE FOUND IN OSF HEALTHCARE SYSTEM POLICY AC-31 - THE AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY UNINSURED PATIENT WHO APPLIES BUT DOES NOT OTHERWISE QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE IS LIMITED TO 92 5% OF GROSS CHARGES</p>

Identifier	ReturnReference	Explanation
charges for medical care	part v, line 20	Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center, St Francis Hospital CHARGES TO PATIENTS WHO WERE ELIGIBLE FOR ASSISTANCE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY WERE DETERMINED IN THE MANNERS DESCRIBED FOR PART I, LINE 3C AND PART V, LINE 19D ABOVE IT IS POSSIBLE, ALTHOUGH UNUSUAL, THAT A PATIENT WHO WAS ELIGIBLE FOR FINANCIAL ASSISTANCE COULD HAVE BEEN CHARGED MORE THAN THE AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAD INSURANCE COVERING SUCH CARE

Identifier	ReturnReference	Explanation
patients charged amount equal to the gross charge for services provided	part v, line 21	<p>Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center THE HOSPITAL CHARGED ITS PATIENTS AN AMOUNT EQUAL TO GROSS CHARGES IN THE FOLLOWING CIRCUMSTANCES - PATIENTS RECEIVING ELECTIVE MEDICAL SERVICES OTHER THAN EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, SUCH AS ELECTIVE COSMETIC SURGERY PERFORMED TO IMPROVE ONE'S APPEARANCE AND NOT RELATED TO A TRAUMA OR DISFIGURATION - UNINSURED PATIENTS WHO DID NOT QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE AND WHO FAILED TO REQUEST THE 20% DISCOUNT OFFERED BY THE HOSPITAL TO ALL SUCH PATIENTS WHO REQUEST THE DISCOUNT [THE HOSPITAL'S BILLING SYSTEM IS NOT CAPABLE OF AUTOMATICALLY APPLYING THIS DISCOUNT] - PATIENTS WHOSE MEDICAL BILLS ARE THE RESPONSIBILITY OF A THIRD PARTY PURSUANT TO A CLAIM BROUGHT BY THE PATIENT AGAINST THE THIRD PARTY, SUCH ANOTHER DRIVER IN AN AUTO ACCIDENT</p> <p>St Francis Hospital THE HOSPITAL CHARGED ITS PATIENTS AN AMOUNT EQUAL TO GROSS CHARGES IN THE FOLLOWING CIRCUMSTANCES - PATIENTS RECEIVING ELECTIVE MEDICAL SERVICES OTHER THAN EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, SUCH AS ELECTIVE COSMETIC SURGERY PERFORMED TO IMPROVE ONE'S APPEARANCE AND NOT RELATED TO A TRAUMA OR DISFIGURATION - UNINSURED PATIENTS WHO DID NOT QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE AND WHO FAILED TO REQUEST THE 7 5% DISCOUNT OFFERED BY THE HOSPITAL TO ALL SUCH PATIENTS WHO REQUEST THE DISCOUNT [THE HOSPITAL'S BILLING SYSTEM IS NOT CAPABLE OF AUTOMATICALLY APPLYING THIS DISCOUNT] - PATIENTS WHOSE MEDICAL BILLS ARE THE RESPONSIBILITY OF A THIRD PARTY PURSUANT TO A CLAIM BROUGHT BY THE PATIENT AGAINST THE THIRD PARTY, SUCH ANOTHER DRIVER IN AN AUTO ACCIDENT</p>

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		THE CORPORATION HAS AFFILIATION AGREEMENTS AND ARRANGEMENTS WITH A VARIETY OF OTHER COMMUNITY ORGANIZATIONS ENGAGED IN ASSESSING AND MEETING THE HEALTH CARE NEEDS OF THE COMMUNITY SUCH ORGANIZATIONS INCLUDE, BUT ARE NOT LIMITED TO, FEDERALLY QUALIFIED HEALTH CENTERS, COMMUNITY CLINICS OPERATED BY OTHER ORGANIZATIONS, LOCAL UNIVERSITIES, COLLEGES OF MEDICINE AND NURSING, AND CIVIC ORGANIZATIONS SUCH AS LOCAL UNITED WAY CHAPTERS THE CORPORATION IS ENGAGED IN BOTH FORMAL AND INFORMAL COMMUNITY NEEDS ASSESSMENT ACTIVITIES WITH SUCH ORGANIZATIONS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		THE CORPORATION INFORMS AND EDUCATES PATIENTS AND PERSONS WHO ARE BILLED FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER GOVERNMENT PROGRAMS AND THE CORPORATION'S CHARITY ASSISTANCE POLICY IN THE FOLLOWING WAYS - SIGNS ARE POSTED IN PATIENT REGISTRATION AREAS (INCLUDING EMERGENCY DEPARTMENT REGISTRATION) INFORMING PATIENTS OF THE AVAILABILITY OF CHARITY ASSISTANCE AND THE AVAILABILITY OF FINANCIAL ASSISTANCE REPRESENTATIVES - PRINTED BROCHURES ARE DISTRIBUTED TO PATIENTS AT REGISTRATION INFORMING THEM OF THE AVAILABILITY OF CHARITY ASSISTANCE (FOR BOTH INSURED AND UNINSURED PATIENTS), FINANCIAL ASSISTANCE REPRESENTATIVES (INCLUDING CONTACT INFORMATION), AND UNINSURED PATIENT DISCOUNTS - A NOTICE OF AVAILABILITY OF THE CORPORATION'S CHARITY CARE AND UNINSURED PATIENT DISCOUNT POLICIES IS PROMINENTLY AVAILABLE ON THE CORPORATION'S WEB SITE (AND SEPARATE WEB SITES OF ITS HOSPITAL FACILITIES) THE APPLICATION FORM WITH INSTRUCTIONS IS AVAILABLE FOR DOWNLOAD - A NOTE REGARDING THE AVAILABILITY OF CHARITY AND FINANCIAL ASSISTANCE (TOGETHER WITH CONTACT PHONE NUMBERS) APPEARS ON EVERY PATIENT BILL AND STATEMENT - FINANCIAL ASSISTANCE COUNSELORS ARE AVAILABLE IN PERSON AND BY PHONE TO ASSIST PATIENTS IN COMPLETING CHARITY AND FINANCIAL ASSISTANCE APPLICATIONS AND IN DETERMINING ELIGIBILITY AND APPLYING FOR GOVERNMENT PROGRAM BENEFITS, INCLUDING MEDICAID - THE CORPORATION'S CHARITY CARE POLICY IS FILED WITH THE ILLINOIS ATTORNEY GENERAL AND IS AVAILABLE TO THE PUBLIC

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION		<p>Saint Francis Medical Center is located in Peoria County in Illinois and serves those in the counties of Peoria, Tazewell, and Woodford Peoria County is a metropolitan statistical area and its population in 2011 was 186,834 For Peoria County, the median household income in 2010 was \$49,747 and the percent of persons below poverty level was 14 5% Tazewell County is a metropolitan statistical area and its population in 2011 was 135,661 For Tazewell County, the median household income in 2010 for was \$54,232 and the percent of persons below poverty level was 7 9% Woodford County is a metropolitan statistical area and its population in 2011 was 38,861 For Woodford County, the median household income in 2010 was \$65,890 and the percent of persons below poverty level was 7 0% Saint Anthony Medical Center is located in Winnebago County in Illinois and serves those in the counties of Winnebago and Boone Winnebago County is a metropolitan statistical area and its population in 2011 was 293,993 For Winnebago County, the median household income in 2010 was \$47,198 and the percent of persons below poverty level was 15 9% Boone County is a metropolitan statistical area and its population in 2011 was 54,367 For Boone County, the median household income in 2010 was \$61,210 and the percent of persons below poverty level was 10 4% St Joseph Medical Center is located in McLean County in Illinois McLean County is a metropolitan statistical area and its population in 2011 was 170,556 For McLean County, the median household income in 2010 was \$57,642 and the percent of persons below poverty level was 12 9% Saint James-John W Albrecht Medical Center is located in Livingston County in Illinois Livingston County is a metropolitan statistical area and its population in 2011 was 38,885 For Livingston County, the median household income in 2010 was \$50,500 and the percent of persons below poverty level was 11 0% St Mary Medical Center is located in Knox County in Illinois Knox County is a metropolitan statistical area and its population in 2011 was 52,917 For Knox County, the median household income in 2010 was \$39,465 and the percent of persons below poverty level was 15 5% Holy Family Medical Center is located in Warren County in Illinois Warren County is a metropolitan statistical area and its population in 2011 was 17,818 For Warren County, the median household income in 2010 was \$41,636 and the percent of persons below poverty level was 13 4% St Francis Hospital is located in Delta County in Michigan Delta County is a metropolitan statistical area and its population in 2011 was 37,105 For Delta County, the median household income in 2010 was \$41,951 and the percent of persons below poverty level was 12 7%</p>

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES		THE CORPORATION'S COMMUNITY BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITIES SERVED IN THE FOLLOWING WAYS - WELLNESS SCREENINGS AND FIRST AID STATIONS AT COMMUNITY EVENTS SUCH AS STATE FAIRS AND SENIORS CONVENTIONS - CORPORATE EXECUTIVES VOLUNTEER TO SERVE ON BOARDS AND COMMITTEES OF COMMUNITY ORGANIZATIONS SUCH AS UNITED WAY AND OTHERS - TRANSPORTATION VOUCHERS ARE GIVEN TO INDIGENT PERSONS FOR THEIR PERSONAL TRANSPORTATION NEEDS (OTHER THAN TO OR FROM THE CORPORATION'S FACILITIES)

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH		<p>THE CORPORATION'S SPONSORING ORGANIZATION IS A RELIGIOUS CONGREGATION OF THE ROMAN CATHOLIC CHURCH KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST. FRANCIS. IN ACCORDANCE WITH CANON LAW OF THE ROMAN CATHOLIC CHURCH AND FEDERAL TAX LAW APPLICABLE TO SUPPORTING ORGANIZATIONS, A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE CORPORATION ARE PROFESSED MEMBERS OF THE SPONSORING RELIGIOUS CONGREGATION. EACH HOSPITAL OPERATED BY THE CORPORATION HAS A COMMUNITY ADVISORY BOARD CONSISTING OF MEMBERS OF THE COMMUNITY WHO ARE NOT DIRECTORS, OFFICERS, OR CONTRACTORS OF THE CORPORATION. EXCEPT FOR HOSPITAL DEPARTMENTS WHICH HAVE BEEN CLOSED, OR IN WHICH CLINICAL PRIVILEGES HAVE BEEN RESTRICTED, FOR CLINICAL OR QUALITY OF CARE REASONS BY ACTIONS OF THE HOSPITAL'S MEDICAL STAFF AND THE BOARD OF DIRECTORS, THE CORPORATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITIES. THE CORPORATION'S SURPLUS FUNDS WERE USED DURING ITS FISCAL YEAR ENDED SEPTEMBER 30, 2011 FOR IMPROVEMENTS IN PATIENT CARE, MEDICAL EDUCATION, AND RESEARCH IN THE FOLLOWING WAYS:</p> <ul style="list-style-type: none">- CAPITAL EXPENDITURES OF APPROXIMATELY \$103,959,660 WERE MADE DURING THE FISCAL YEAR FOR CONSTRUCTION AND RENOVATION OF PATIENT CARE FACILITIES AND ACQUISITION OF MEDICAL EQUIPMENT AND OTHER EQUIPMENT USED IN PATIENT CARE AND RELATED SUPPORT SERVICES.- THE CORPORATION INCURRED NET COSTS (EXPENSES MINUS REVENUES) OF APPROXIMATELY \$28,370,004 DURING THE FISCAL YEAR FOR ACCREDITED PHYSICIAN RESIDENCY PROGRAMS AND NET COSTS OF APPROXIMATELY \$5,441,858 FOR UNDERGRADUATE AND GRADUATE NURSING EDUCATION PROGRAMS. SEE SCHEDULE O, FORM 990, PART III, LINE 4D FOR A DESCRIPTION OF SUCH PROGRAMS.- THE CORPORATION INCURRED NET COSTS (EXPENSES MINUS REVENUES) OF APPROXIMATELY \$1,064,267 DURING THE FISCAL YEAR FOR CLINICAL RESEARCH PROGRAMS AND ACTIVITIES. <p>ALL OF THE CORPORATION'S HOSPITALS MEET THE REQUIREMENTS OF REVENUE RULING 69-545 BY:</p> <ul style="list-style-type: none">- OPERATING EMERGENCY DEPARTMENTS WHICH ARE STAFFED 24 HOURS PER DAY BY QUALIFIED PHYSICIANS AND OTHER MEDICAL PERSONNEL AND WHICH ARE OPEN TO ALL PERSONS WITHOUT REGARD TO ABILITY TO PAY.- HAVING MEDICAL STAFFS WHICH ARE OPEN TO ALL QUALIFIED PHYSICIANS, MID-LEVEL PROVIDERS, PODIATRISTS, AND DENTISTS IN THE COMMUNITY (EXCEPT WHERE RESTRICTED IN RARE CASES FOR CLINICAL QUALITY REASONS BY ACTION OF THE MEDICAL STAFF AND THE BOARD OF DIRECTORS).- ACCEPTING MEDICARE, MEDICAID AND OTHER GOVERNMENT PROGRAM PATIENTS.- ACCEPTING ALL PATIENTS, INCLUDING UNINSURED PATIENTS, WITHOUT REGARD TO THEIR ABILITY TO PAY.- USING SURPLUS FUNDS TO IMPROVE THEIR FACILITIES, EQUIPMENT, PATIENT CARE, MEDICAL TRAINING, EDUCATION, AND RESEARCH AS DESCRIBED ABOVE.<p>THE FOLLOWING PROVIDES A SUMMARY OF SERVICES FOR EACH OSF HOSPITAL:</p><p>Saint Francis Medical Center ("Saint Francis Medical Center") is a 616 licensed bed tertiary acute care teaching hospital located near downtown Peoria, Illinois. Saint Francis Medical Center operates several hospital-based outpatient facilities in and around Peoria, Illinois. In addition to its regular hospital accreditation, Saint Francis Medical Center has received disease-specific certification from The Joint Commission for its primary stroke network and its myocardial infarction and acute coronary syndrome programs. The University of Illinois College of Medicine at Peoria, founded in 1970, maintains its primary teaching affiliation with Saint Francis Medical Center and has established 11 fully accredited residency programs and 2 fully accredited fellowship programs at Saint Francis Medical Center. Currently, 183 residents and fellows are in training at Saint Francis Medical Center. In addition to providing the full range of primary, secondary and tertiary services, Saint Francis Medical Center provides certain specialized services, including Level I (highest level) trauma services, life flight helicopter transport services (using the helicopters owned by OSF Aviation), adult and pediatric open heart surgery, pancreas and kidney transplantation services, neurosurgery and neurology, Level III (highest level) perinatal services, radiation oncology (including gamma knife and the Varian Trilogy unit), and specialized services of the Children's Hospital of Illinois (which is operated as a part of Saint Francis Medical Center).</p><p>Saint Anthony Medical Center ("Saint Anthony") is a 254 licensed bed acute care hospital located on the east side of Rockford, Illinois. Saint Anthony provides primary, secondary and tertiary care. Saint Anthony provides certain specialized services, including Level I (highest level) Trauma services, helicopter services (using helicopters owned by OSF Aviation), adult open heart surgery, a regional burn unit, neurosurgery, and neurology, and radiation oncology (including varian true beam and stereotactic radio-surgery).</p><p>St. Joseph Medical Center ("St. Joseph") in Bloomington, Illinois, and OSF Saint James-John W. Albrecht Medical Center ("Saint James") in Pontiac, Illinois are located approximately</p>

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH		ely 35 miles apart and serve partially overlapping markets St Joseph is a 137 licensed acute care bed and 12 bed skilled nursing care hospital located on the east side of Bloomington, Illinois St Joseph provides primary, secondary and tertiary care, including open heart surgery Saint James has 42 licensed acute care beds which are also Medicare swing bed approved This hospital facility is located on the west side of Pontiac, Illinois, near Interstate 55 Saint James is the only acute care hospital located in Livingston County, Illinois St Mary Medical Center ("St Mary") in Galesburg, Illinois, and OSF Holy Family Medical Center ("Holy Family") in Monmouth, Illinois are located approximately 19 miles apart and serve partially overlapping markets Residents of Monmouth and its surrounding are as frequently travel to Galesburg to receive health care services St Mary is a 90 licensed bed acute care hospital located on the northeast side of Galesburg, Illinois In addition to primary and secondary care, including diagnostic cardiac catheterization services, St Mary has designations from the State of Illinois as a Level II Trauma Center, a Trauma Network Resource Hospital, a Level II perinatal center and a Hemophilia Emergency Treatment Center Holy Family is a 23 licensed acute bed facility located in Monmouth, Illinois All of its acute beds are also Medicare approved swing beds St Francis Hospital ("St Francis Hospital") is a 98 licensed acute care bed general hospital located on the west side of Escanaba, Michigan As the only hospital in Delta County, Michigan, St Francis Hospital provides a range of inpatient and outpatient hospital, diagnostic, therapeutic and ancillary services

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM ROLES		THE CORPORATION IS PART OF AN AFFILIATED HEALTH CARE SYSTEM (THE "OSF SYSTEM") WHICH PROVIDES INTEGRATED HEALTH CARE SERVICES THROUGHOUT CENTRAL ILLINOIS, PARTS OF NORTHERN ILLINOIS, AND PARTS OF THE UPPER PENNINSULA OF MICHIGAN THE OSF SYSTEM INCLUDES THE OTHER CORPORATIONS LISTED BELOW, ALL OF WHICH ARE CONTROLLED, DIRECTLY OR INDIRECTLY, BY THE SISTERS OF THE THIRD ORDER OF ST FRANCIS (THE "CONGREGATION") ALL AFFILIATED CORPORATIONS (WHETHER TAXABLE OR EXEMPT) APPLY AND FOLLOW THE CHARITY CARE POLICY OF THE CORPORATION AND ARE OPERATED IN FURTHERANCE OF THE MISSION OF THE CONGREGATION TO PROVIDE COMPREHENSIVE, INTEGRATED, QUALITY CARE, INCLUDING PREVENTIVE, PRIMARY, ACUTE, CONTINUOUS AND REHABILITATIVE HEALTH SERVICES TO THE COMMUNITIES SERVED BY THE CORPORATION AND THE OSF SYSTEM SPECIAL EMPHASIS IS PLACED ON MEETING THE PHYSICAL, SPIRITUAL, EMOTIONAL, AND SOCIAL NEEDS OF EVERYONE WHO IS CARED FOR IN THE OSF SYSTEM REGARDLESS OF RACE, COLOR, RELIGION AND ABILITY TO PAY THE AFFILIATED CORPORATIONS ARE - THE SISTERS OF THE THIRD ORDER OF ST FRANCIS, WHICH HOLDS THE ASSETS OF THE RELIGIOUS CONGREGATION AND DIRECTS ALL OTHER CORPORATIONS IN THE AFFILIATED HEALTH CARE SYSTEM THROUGH BOARD REPRESENTATION AND THE EXERCISE OF RESERVED POWERS - OSF SAINT FRANCIS, INC , WHICH PROVIDES HOME INFUSION AND DURABLE MEDICAL EQUIPMENT SERVICES, MOBILE MEDICAL IMAGING SERVICES, MEDICAL EQUIPMENT MAINTENANCE AND REPAIR SERVICES, MEDICAL STAFFING SERVICES, BILLING SERVICES, AND OTHER SERVICES IN SUPPORT OF THE AFFILIATED HEALTH CARE SYSTEM - OSF AVIATION, LLC, WHICH IS AN FAA PART 135 CERTIFIED CARRIER PROVIDING EMS HELICOPTER SERVICES THROUGHOUT CENTRAL ILLINOIS AND PARTS OF NORTHERN ILLINOIS - OSF LIFELINE AMBULANCE, LLC, WHICH PROVIDES GROUND AMBULANCE TRANSPORTATION SERVICES IN PARTS OF NORTHERN ILLINOIS - OSF MULTISPECIALTY GROUP - PEORIA, LLC, WHICH PROVIDES PEDIATRIC CARDIOLOGY PHYSICIAN SERVICES IN CENTRAL ILLINOIS - ILLINOIS NEUROLOGICAL INSTITUTE - PHYSICIANS, LLC, WHICH PROVIDES PHYSICIAN NEUROSURGERY SERVICES IN CENTRAL ILLINOIS - HEARTCARE MIDWEST, LTD , WHICH PROVIDES CARDIOLOGY AND CARDIOVASCULAR SURGERY PHYSICIAN SERVICES IN CENTRAL ILLINOIS - CARDIOVASCULAR INSTITUTE AT OSF, LLC, WHICH PROVIDES CARDIOLOGY AND CARDIOVASCULAR SURGERY PHYSICIAN SERVICES IN PARTS OF NORTHERN ILLINOIS - OSF MULTISPECIALTY GROUP - EASTERN REGION, LLC, WHICH PROVIDES PRIMARY AND SPECIALTY PHYSICIAN SERVICES IN PARTS OF CENTRAL ILLINOIS - ILLINOIS PATHOLOGIST SERVICES, LLC, WHICH PROVIDES PROFESSIONAL PATHOLOGY SERVICES IN PARTS OF NORTHERN ILLINOIS - ILLINOIS SPECIALTY PHYSICIAN SERVICES AT OSF, LLC, WHICH PROVIDES PULMONOLOGY AND CRITICAL CARE PHYSICIAN SERVICES IN CENTRAL ILLINOIS - OSF PERINATAL ASSOCIATES, LLC, WHICH PROVIDES MATERNAL FETAL MEDICINE PHYSICIAN SERVICES IN CENTRAL ILLINOIS - OSF MULTISPECIALTY GROUP - WESTERN REGION, LLC, WHICH PROVIDES PRIMARY AND SPECIALTY PHYSICIAN SERVICES IN WESTERN ILLINOIS - OSF CHILDREN'S MEDICAL GROUP- CONGENITAL HEART CENTER, LLC WHICH PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESSES IN NORTHERN ILLINOIS - PREFERRED EMERGENCY PHYSICIANS OF ILLINOIS, LLC WHICH PROVIDES PHYSICIAN COVERAGE FOR EMERGENCY DEPARTMENTS - CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC, WHICH PROVIDES AMBULATORY SURGERY SERVICES IN CENTRAL ILLINOIS - EASTLAND MEDICAL PLAZA SURGICENTER, LLC, WHICH PROVIDES AMBULATORY SURGERY SERVICES IN CENTRAL ILLINOIS - FORT JESSE IMAGING CENTER, LLC, WHICH PROVIDES MEDICAL IMAGING SERVICES IN CENTRAL ILLINOIS - SLEEP CENTER OF CENTRAL ILLINOIS, LLC, WHICH PROVIDES MEDICAL TREATMENT FOR SLEEP DISORDERS IN CENTRAL ILLINOIS

Identifier	ReturnReference	Explanation
ALL STATES WHICH ORGANIZATION FILES A COMMUNITY BENEFIT REPORT		IL, MI (HOSPITAL ASSOCIATION, NOT STATE)

Additional Data

Software ID:

Software Version:

EIN: 37-0813229

Name: OSF Healthcare System

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? 45	
Name and address	Type of Facility (Describe)
OSF ST CLARE HOME 5533 NORTH GALENA ROAD PEORIA HEIGHTS,IL 61614	LONG-TERM CARE FACILITY
Glen Avenue Diagnostic Center 4911 Executive Drive Main Level S Peoria,IL 61614	Maternal Fetal Diagnostics
Susan G Komen 4911 Executive Drive Third Level Peoria,IL 61614	Diagnostic imaging
Outpatient Rehabilitation Randolph Building Suite 100 NERan Peoria,IL 61606	Rehab
Outpatient Audiology Randolph Building Suite 100 NERan Peoria,IL 61606	Audiology
PM&R Associates Randolph Building Suite 100 NERan Peoria,IL 61606	Rehab
Center for Industrial Rehab 506 High Point Lane East Peoria,IL 61611	Rehab
Penn Avenue Diagnostic Center Pennsylvania Medical Building 200 E Peoria,IL 61603	Diagnostic services depts closed
Out Patient Rehabilitation Pennsylvania Medical Building 200 E Peoria,IL 61603	Rehab
East Peoria Diagnostic Center 100 N E Main Suite 100 East Peoria,IL 61611	Diagnostic Imaging
Breast Center Screening 100 N E Main Suite 100 East Peoria,IL 61611	DIAGNOSTIC IMAGING
Pekin Cancer Treatment Center 603 Thirteenth Street Pekin,IL 61554	EKG, Echo cardiology, Nuclear stress test, Vascular ultrasound, Treadmill stress T
ObstetricsGynecology Clinic 320 E Armstrong Peoria,IL 61603	OB/GYNE Services
Internal Medicine 320 E Armstrong Peoria,IL 61603	Ambulatory Internal Medicine
Pediatric Ambulatory Clinic 320 E Armstrong Peoria,IL 61603	Ambulatory Pediatric Medicine
Saint Clare Family Health Center 10 Saint Clare Court Washington,IL 61571	Lab, EKG, Radiology
OSF Center for Health 8600-8800 Rt 91 North Peoria,IL 61615	Diagnostic Imaging/Lab/Voice & Swallowing Services
OSF Saint Francis Riverplex 600 N E Water Street Peoria,IL 61602	Rehab
OSF Saint Francis Heart Hospital 5405 N Knoxville Avenue Peoria,IL 61614	Nuclear Med, CT Scan, Vascular ultrasound, Echo cardiology, Chest X-Ray, Stress test
OSF Heart Hospital Diagnostic Center 610 Park Avenue Pekin,IL 615544650	EKG, Nuclear stress test, Vascular ultrasound, Echo cardiology, Chest X-Ray,Stress
OSF SF Radiation Oncology 8948 N Wood Sage Road Peoria,IL 61615	Radiation oncology
OSF Saint Francis Morton Health Center 435 Maxine Dr Morton,IL 61550	Radiology, Lab, EEG, EKG, Sleep lab
Saint Francis Medical INI Rehabilitation Five Points Washington 360 Wilmor R Washington,IL 615711252	Rehab
OSF Saint Francis Center for Health Glen 5114 Glen Park Place Peoria,IL 616144686	Diagnostic Imaging/Lab
Southridge Laboratory 4423 Manchester Drive Rockford,IL 61109	Diagnostic Lab
Outpatient Rehabilitation Services 5510 E State Street Rockford,IL 61108	Rehab
Diabetes Education Center 5510 E State Street Rockford,IL 61108	Education
Wound Healing Center State and Roxbury 5668 E State Street Rockford,IL 61108	Hyperbaric Oxygen Therapy
Rockford Cardiovascular Associates 444 Roxbury Road Rockford,IL 61107	Cardiac and Pulmonary Rehab / Radiology and Diagnostic Services / Sleep Center
OSF Center for Health-Rock Cut Crossing 9951 Rock Cut Crossing Loves Park,IL 611111999	Diagnostic Imaging/Lab
Illinois Neurological Institute at OSF 535 Roxbury Road Rockford,IL 61108	neurological clinical care, research, and education
OSF St Francis Hospital and Medical Gro N 15995 Main St Powers,MI 49870	Diagnostic Lab
St Francis Hospital- Powers Clinic N 15995 Main St Powers,MI 49870	Diagnostic X-Ray
OSF St Francis Hospital Medical Group 128 Michigan Gladstone,MI 49837	Diagnostic X-Ray/Lab
OSF St Francis Hospital Medical Group 3409 Ludington St Escanaba,MI 49829	Diagnostic X-Ray/Lab
St Francis Hospital- Rehab Services 704 Superior Avenue Gladstone,MI 49837	Rehab
OSF Saint James Rehabilitation 106 South First Street Fairbury,IL 61739	Rehab
OSF Saint James Rehabilitation 105 John Street Dwight,IL 60420	Rehab
Center for Health at Ft Jesse 2200 Ft Jesse Road Normal,IL 61661	Physical Therapy, Occupational Therapy, Audiology, Industrial Rehab, Pain Clinic, Wound Care
OSF St Joseph Medical Center-College Av 1701 East College Avenue Bloomington,IL 61704	Diagnostic Imaging
OSF St Joseph Medical Center - Rehabili 1701 East College Avenue Bloomington,IL 61704	Rehab
Eastland Medical Plaza I 1505 Eastland Avenue Bloomington,IL 61704	Rehab
Convenient Care 1701 East College Avenue Bloomington,IL 61704	Prompt Care Services
OSF Holy Family Clinic 1000 West Harlem Ave Monmouth,IL 61462	PROVIDER BASED RURAL HEALTH CLINIC
Outpatient Medical Imaging 3375 North Seminary St Galesburg,IL 61401	DIAGNOSTIC IMAGING

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
O SF Healthcare System

Employer identification number
37-0813229

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) Janet Wattles Mental Health Center Inc526 W State Street Rockford,IL 61101	36-2862928	501(c)(3)	10,000				To support child and family mental health services in northern Illinois
(2) University of Illinois Foundation1305 West Green Street Urbana,IL 618012962	37-6006007	501(c)(3)	920,000				To support the campaign to construct a new building and renovate existing facilities at the University of Illinois College of Medicine at Rockford educational support of the Peoria campus of University of Illinois College of Medicine
(3) Illinois Central College FoundationOne College Drive East Peoria,IL 616350001	37-1207827	501(c)(3)	15,000				scholarships for at risk students in District 150
(4) Heartland Community Health1701 W Garden Street Peoria,IL 61605	37-1270794	501(c)(3)	500,000				To support the operations of the clinic
(5) Heartland Commerce and Economic Development Fnd100 SW Water Street Peoria,IL 61602	37-1271212	501(c)(3)	200,000				donation for community development in the Peoria area
(6) Bradley University1501 W Bradley Avenue Peoria,IL 61625	37-0661494	501(c)(3)	60,000				funding for Bradley Renasissance building development
(7) Peoria Promise Foundation331 Fulton Street Suite 310 Peoria,IL 61602	13-4353454	501(c)(3)	20,000				To be used for the Peoria Promise program providing college assistance to students in the Peoria area that would not normally attend college
(8) General Wayne A Downing Foundation121 NE Jefferson Ave Ste 200 Peoria,IL 61602	27-3278315	501(c) 3	100,000				To support the operations of the Foundation
(9) Quality Quest for Heart of Illinois416 Main St Ste 717 Peoria,IL 61602	26-3896631	501(c) 3	250,000				To support the operations of the organization

2

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

9

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
(1) SCHOLARSHIPS	81	77,603			

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
SUPPLEMENTAL INFORMATION		<p>Procedures for Monitoring Grants Part I, Line 2 THE CORPORATION MONITORS THE USE OF GRANT FUNDS IN THE UNITED STATES IN A VARIETY OF WAYS FOR EDUCATIONAL SCHOLARSHIPS, THE CORPORATION TRACKS AND REVIEWS THE STUDENT'S GRADES AND SUCCESSFUL COURSE COMPLETION EACH SEMESTER IN SOME CASES, THE CORPORATION'S CHIEF FINANCIAL OFFICER OR OTHER REPRESENTATIVE OF THE CORPORATION SERVES ON THE BOARD OF DIRECTORS OR ON THE FINANCE COMMITTEE OF THE GRANTEE ORGANIZATION AND RECEIVES DIRECT INFORMATION REGARDING USE OF GRANT FUNDS IN SUCH CAPACITY IN OTHER CASES, THE CORPORATION RECEIVES WRITTEN REPORTS AND/OR FINANCIAL STATEMENTS FROM THE GRANTEE ORGANIZATION WHICH INCLUDE INFORMATION REGARDING USE OF GRANT FUNDS Requirements for Saint Francis Medical Center Scholarship All scholarships are approved by the scholarship committee Nursing Minimum Requirements - GPA 2 5/4 0 scale - Two favorable academic references from clinical instructors - Two favorable employer references - Completed scholarship application form - Acceptance of the scholarship requires the student to secure and start in an OSF Saint Francis Medical Center RN staff position within 60 days of graduation and remain employed in a 72-80 hours/pay for two years following completion of the 90 day unit nursing orientation Radiology, Radiation Therapist & Sonography Minimum Requirements - GPA 2 5/4 0 scale - Two favorable academic references from clinical instructors - Two favorable employer references - Completed scholarship application form - Acceptance of the scholarship requires the student to secure and start in an OSF Saint Francis Medical Center Diagnostic Radiology Technologist staff position within 30 days of graduation and remain employed for two years following completion of the department orientation Pharmacy Minimum Requirements - Interview - GPA 2 5/4 0 or 3 125/5 0 scale - Two favorable academic references from clinical instructors - Two favorable employer references - Completed scholarship application form - Acceptance of the scholarship requires the student to secure and start in an OSF Saint Francis Medical Center R Ph position within 30 days of graduation and remain employed for two years or three years, depending on the monies received, following completion of the Pharmacy orientation Respiratory Therapy Minimum Requirements For External Candidates - Meet all Illinois Central College's (ICC) minimum requirements for admission - GPA 3 0/4 0 scale - Pass a Wonderlic Test score of a 3 on the verbal section and a 2 on the math portion - Two favorable academic references from clinical instructors - Two favorable employer references - A brief 1-2 page typed essay explaining interest and desire to enroll the scholarship program - Interview For OSF Saint Francis Medical Center Employees - Meet all Illinois Central College's (ICC) minimum requirements for admission - GPA 3 0/4 0 scale - Pass a Wonderlic Test score of a 3 on the verbal section and a 2 on the math portion - Must not be on any current formal levels of discipline - Two favorable supervisor/manager or director references - A brief 1-2 page typed essay explaining interest and desire to enroll the scholarship program - Interview Merit Scholarship Requirement - GPA 3 4/4 0 scale - Dean's List in the semester previous to posting on students account Institutional Scholarship Requirement - College of Nursing student in good academic standing and in financial need President's Scholarship Requirement - GPA 3 55/4 0 scale Requirements for Saint Anthony Medical Center Scholarships Scholarships are awarded based on 50% academics, 30% financial need, and 20% community service The awards are approved by the Saint Anthony College of Nursing Financial Aid Committee The Alumni Memorial Scholarship are awarded based on 60% academics, 30% financial need, and 10% community service Minimum requirements for all scholarships - GPA 2 5/4 0 scale - Resume - Two favorable letters of recommendation, at least one from a clinical instructor - A brief typed essay explaining interest and desire to enroll the scholarship program Requirements for Holy Family Medical Center Scholarships - Application for assistance from OSF Holy Family Medical Center signifies a desire to work at OSF HFMC at the completion of the educational course work - Meeting deadlines is the responsibility of the applicant All application materials must reach OSF HFMC by April 1 Awards will be made by May 31 - Funds may only be used for health care-related coursework at the bachelor's degree level or below - Recipients must reside in Warren or Henderson County, Illinois, be employees of OSF Holy Family Medical Center, or related to employees of OSF HFMC - The maximum available amount of educational assistance is \$3,500 annually This amount will be distributed for tuition, books, and lab fees Funds may not be used for living expenses or transportation - Each disbursement of funds requires the recipient sign a "Student Loan Promissory Note" which is forgiven when the student borrower becomes employed at OSF HFMC at completion of the educational program within specified time constraints This means each request for funds requires a personal appearance by the student (According to tax law, disbursements are taxable income) - When funds have been distributed for a given semester, additional funds will not be paid until OSF HFMC has been furnished with a copy of prior semester grades, giving proof of successful completion of course work A cumulative 3 0 grade point average or higher is required - Recipients must reapply annually if they desire funds for subsequent years While funds for subsequent years are not guaranteed, serious consideration will be given to those students who have excelled academically - Receipt of educational assistance does not guarantee the recipient will be offered employment at the completion of the educational program An appropriate position may not be available at that time If an appropriate position is available, the recipient must accept the position or be prepared to repay any funds received - With mutual agreement, the requirement to accept a position at OSF HFMC may be met by accepting employment at other OSF facilities</p>

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
OSF Healthcare System

Employer identification number

37-0813229

Part I

Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) James M Moore	(i) (ii)	833,721 0	174,993 0	36,169 0	6,771 0	5,815 0	1,057,469 0	0 0
(2) Kevin D Schoeplein	(i) (ii)	653,907 0	140,483 0	67,335 0	306,750 0	16,790 0	1,185,265 0	0 0
(3) Daniel E Baker	(i) (ii)	422,200 0	57,638 0	52,513 0	321,755 0	15,636 0	869,742 0	0 0
(4) Vance C Parkhurst	(i) (ii)	283,328 0	38,906 0	31,209 0	31,520 0	11,644 0	396,607 0	0 0
(5) Syed M Hussain MD	(i) (ii)	300,946 0	760,205 0	20,288 0	12,856 0	15,017 0	1,109,312 0	0 0
(6) Daniel R Fassett MD	(i) (ii)	490,000 0	1,170,632 0	12,472 0	14,055 0	12 0	1,687,171 0	0 0
(7) Travis D Richardson MD	(i) (ii)	693,875 0	542,783 0	3,479 0	17,824 0	10,597 0	1,268,558 0	0 0
(8) Jeffrey D Klopfenstein MD	(i) (ii)	505,865 0	829,041 0	25,742 0	18,098 0	15,017 0	1,393,763 0	0 0
(9) Gerard J Mcshane MD	(i) (ii)	408,348 0	80,727 0	41,665 0	32,241 0	12,533 0	575,514 0	0 0
(10) Susan Campbell	(i) (ii)	200,894 0	31,874 0	51,245 0	28,977 0	11,617 0	324,607 0	0 0
(11) Jan P Skowronski MD	(i) (ii)	325,002 0	709,621 0	9,667 0	13,878 0	11,740 0	1,069,908 0	0 0
(12)								
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental 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
Social Club Dues	Schedule J, Part I, Line 1a	THE CORPORATION REIMBURSES CERTAIN EXECUTIVES FOR SOCIAL CLUB DUES PAID BY SUCH EXECUTIVES. ELIGIBILITY FOR CLUB DUES REIMBURSEMENT IS DETERMINED BY THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS AND IS TAKEN INTO CONSIDERATION BY THE COMMITTEE IN DETERMINING FAIR MARKET COMPENSATION. SEE FORM 990 - SCHEDULE O - PART VI - LINES 15A AND 15B FOR AN EXPLANATION OF THE ROLE OF THE HUMAN RESOURCES COMMITTEE AND THE MANNER IN WHICH FAIR MARKET COMPENSATION IS DETERMINED. CLUB DUES ARE NOT ELIGIBLE FOR REIMBURSEMENT IF THE CLUB IN QUESTION DISCRIMINATES ON THE BASIS OF RACE, RELIGION, SEX, NATIONAL ORIGIN, OR OTHER PROHIBITED FACTORS. DUES REIMBURSEMENT IS TREATED AND REPORTED AS TAXABLE COMPENSATION.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
OSF Healthcare System

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Employer identification number

37-0813229

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	45200BBQ0	05-12-2004	96,333,347	See Schedule O		X	X			X
B Illinois Finance Authority	86-1091967	45200B8E1	08-29-2007	461,801,780	See Schedule O						X
C Illinois Finance Authority	86-1091967	45200FWD7	03-31-2009	249,074,230	See Schedule O		X		X		X
D Illinois Finance Authority	86-1091967		08-18-2009	70,000,000	See Schedule O		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	0
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	96,333,347	461,801,780	249,074,230	70,000,000
4	Gross proceeds in reserve funds	10,225,355	24,898,348	12,276,530	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrow	85,966,386	127,425,737	233,334,384	0
7	Issuance costs from proceeds	1,106,462	12,165,772	3,240,846	0
8	Credit enhancement from proceeds	0	0	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	0	285,706,088	0	70,000,000
11	Other spent proceeds	0	0	0	0
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2010		2010	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No
		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X
16	Has the final allocation of proceeds been made?	X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X	

Part III Private Business Use

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

Part IIIPrivate Business Use (Continued)

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

Part IVArbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?	X		X		X		X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X			X		X
b	Name of provider	Merrill Lynch		Merrill Lynch					
c	Term of hedge	0 8		0 8					
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?	X			X		X		X
b	Name of provider								
c	Term of GIC	9 1							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
5	Were any gross proceeds invested beyond an available temporary period?		X	X			X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part VSupplemental Information

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

Identifier	Return Reference	Explanation

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
OSF Healthcare System

Employer identification number
37-0813229

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) James W Girardy MD	Board Member	306,875	See below		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
SCHEDULE L - PART IV		TRANSACTIONS WITH INTERESTED PERSONS ROCKFORD SURGICAL SERVICES, S C - CALL COVERAGE AGREEMENT PROVIDES FOR 24-HOUR PER DAY, 7 DAYS PER WEEK ON-CALL COVERAGE BY VASCULAR AND CARDIOVASCULAR SURGEONS AS REQUIRED BY LEVEL I TRAUMA CENTER REGULATIONS AND TO MEET EMTALA COVERAGE REQUIREMENTS COMPENSATION IS CONSISTENT WITH THE PHYSICIAN AND COMPENSATION SURVEY, ON-CALL PAY RATES BY SPECIALTY, PERFORMED BY SULLIVAN, COTTER & ASSOCIATES, INC , AND MEDICAL GROUP MANAGEMENT ASSOCIATION'S PHYSICIAN COMPENSATION AND PRODUCTIVITY SURVEY ROCKFORD SURGICAL SERVICES, S C - CARDIOVASCULAR SERVICES MEDICAL DIRECTOR AGREEMENT PROVIDES FOR ADMINISTRATIVE SERVICES OF A MEDICAL DIRECTOR FOR HOSPITAL CARDIOVASCULAR SERVICES COMPENSATION IS AT AN HOURLY RATE CONSISTENT WITH OTHER MEDICAL DIRECTOR SERVICE AGREEMENTS AND SUBJECT TO AN ANNUAL CAP

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2010**Open to Public
Inspection****Name of the organization**
OSF Healthcare System**Employer identification number**

37-0813229

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4A	INPATIENT SERVICES	OSF HEALTHCARE SYSTEM OWNS AND OPERATES ACUTE CARE HOSPITALS IN ESCANABA, MICHIGAN, ROCKFORD, ILLINOIS, PONTIAC, ILLINOIS, BLOOMINGTON, ILLINOIS, PEORIA, ILLINOIS, GALESBURG, ILLINOIS, AND MONMOUTH, ILLINOIS, AND OWNS AND OPERATES ONE LONG-TERM CARE FACILITY IN PEORIA HEIGHTS, ILLINOIS AS OF THE CLOSE OF THE REPORTING PERIOD ON SEPTEMBER 30, 2011, THESE EIGHT FACILITIES HAD A COMBINED TOTAL OF 1,418 LICENSED INPATIENT AND RESIDENT BEDS AND OPERATED A COMBINED TOTAL OF 1,299 STAFFED INPATIENT AND RESIDENT BEDS THEY HAD COMBINED TOTALS OF 57,577 INPATIENT AND RESIDENT DISCHARGES AND 302,444 INPATIENT AND RESIDENT DAYS, INCLUDING 9,304 NEWBORN INPATIENT DAYS THE SEVEN ACUTE CARE HOSPITALS COLLECTIVELY SERVED 51 COUNTIES THEY HAD A COMBINED TOTAL OF APPROXIMATELY 1,944 PHYSICIANS ON THEIR MEDICAL STAFFS, INCLUDING APPROXIMATELY 1,172 PHYSICIANS ON THEIR ACTIVE OR ASSOCIATE MEDICAL STAFFS TWO OF THE HOSPITALS ARE SOLE COMMUNITY HOSPITALS AND ONE IS A CRITICAL ACCESS HOSPITAL THE CORPORATION'S HOSPITALS OFFER A BROAD RANGE OF INPATIENT SERVICES THREE OF THE HOSPITALS PROVIDE OPEN HEART SURGERY SERVICES, TWO OFFER LEVEL II NEONATAL SERVICES, ONE OFFERS LEVEL III NEONATAL SERVICES (HIGHEST LEVEL), AND ONE OFFERS KIDNEY AND PANCREAS ORGAN TRANSPLANT SERVICES THE CORPORATION HAS ORGANIZED AND OPERATES COMPREHENSIVE CARDIAC AND STROKE CARE NETWORKS IN CENTRAL AND NORTHERN ILLINOIS AND OPERATES THE ONLY COMPREHENSIVE CHILDREN'S HOSPITAL IN CENTRAL ILLINOIS

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4B	OUTPATIENT SERVICES	THE SEVEN ACUTE CARE HOSPITALS OWNED AND OPERATED BY OSF HEALTHCARE SYSTEM COLLECTIVELY PROVIDED 930,400 OUTPATIENT VISITS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011, INCLUDING 48,072 OUTPATIENT SURGERY VISITS BUT EXCLUDING EMERGENCY DEPARTMENT VISITS. THE CORPORATION'S HOSPITALS OFFER A BROAD RANGE OF OUTPATIENT THERAPEUTIC AND DIAGNOSTIC SERVICES, INCLUDING OUTPATIENT SURGERY AND ADVANCED MEDICAL IMAGING.

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4C	Physcian Services	PHYSICIANS EMPLOYED BY OSF HEALTHCARE SY STEM PROVIDED 949,755 OFFICE VISITS (NOT INCLUDING SERVICES PROVIDED TO HOSPITAL INPATIENTS AND OUTPATIENTS) AT OFFICES IN 67 SEPARATE LOCATIONS THROUGHOUT CENTRAL AND NORTHERN ILLINOIS AND THE UPPER PENINSULA OF MICHIGAN

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	Home Health Services	(EXPENSES \$41,765,550 INCLUDING GRANTS OF \$NONE)(REVENUE \$41,625,034) THE SIX HOME HEALTH AGENCIES OWNED AND OPERATED BY THE CORPORATION COLLECTIVELY SERVE 32 COUNTIES IN ILLINOIS AND MICHIGAN, ENROLLED 23,344 HOME HEALTH PATIENTS, AND PROVIDED 168,531 HOME HEALTH VISITS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011 THE FIVE HOSPICE PROGRAMS OWNED AND OPERATED BY THE CORPORATION COLLECTIVELY SERVE 35 COUNTIES IN ILLINOIS AND MICHIGAN, ENROLLED 1,773 HOSPICE PATIENTS, AND PROVIDED 91,941 HOSPICE DAYS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	EMERGENCY DEPARTMENT SERVICES	(EXPENSES \$64,511,290 INCLUDING GRANTS OF \$ NONE) (REVENUE \$84,368,796) ALL OF THE SEVEN ACUTE CARE HOSPITALS OF THE CORPORATION PROVIDE 24-HOUR EMERGENCY DEPARTMENT SERVICES ALL ARE STAFFED BY PHYSICIANS WHO ARE PREDOMINANTLY (BUT NOT ENTIRELY) CERTIFIED IN EMERGENCY MEDICINE BY NATIONAL SPECIALTY BOARDS THE EMERGENCY DEPARTMENTS OF THE CORPORATION'S ACUTE CARE HOSPITALS PROVIDED 206,490 PATIENT VISITS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	RESIDENCY PROGRAMS	(EXPENSES \$38,778,471 INCLUDING GRANTS OF \$ NONE) (REVENUE \$92,642) OSF HEALTHCARE SYSTEM HAS ENTERED INTO A MAJOR AFFILIATION AGREEMENT WITH THE UNIVERSITY OF ILLINOIS PROVIDING SIGNIFICANT FINANCIAL AND TEACHING SUPPORT FOR PHYSICIAN RESIDENCY AND FELLOWSHIP PROGRAMS SPONSORED BY THE UNIVERSITY THE CORPORATION EMPLOYED 183 RESIDENTS AND FELLOWS IN THESE PROGRAMS DURING THE REPORTING PERIOD

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	COLLEGES OF NURSING PROGRAMS	(EXPENSES \$10,247,570 INCLUDING GRANTS OF \$77,603) (REVENUE \$8,354,899) TWO OF THE CORPORATION'S HOSPITALS OPERATE ACCREDITED COLLEGES OF NURSING WHICH AWARD BACCALAUREATE, MASTERS, AND DOCTORATE DEGREES THERE WERE 1,473 ENROLLEES IN THESE PROGRAMS DURING THE THREE SEMESTERS FALLING WITHIN THE REPORTING PERIOD (FALL 2010, SPRING 2011, AND SUMMER 2011)

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	TRAUMA SERVICES (LEVEL 1)	(EXPENSES \$9,016,881 INCLUDING GRANTS OF \$ NONE) (REVENUE \$185,238) TWO OF THE CORPORATION'S SEVEN HOSPITALS HAVE BEEN DESIGNATED AS LEVEL I (HIGHEST LEVEL) TRAUMA CENTERS, AND TWO HAVE BEEN DESIGNATED AS LEVEL II TRAUMA CENTERS. LEVEL I TRAUMA CENTERS ARE CONTINUOUSLY STAFFED WITH IN-HOUSE TRAUMA SURGEONS, ANESTHESIA PROVIDERS, AND OTHER SPECIALIZED HEALTH CARE PROFESSIONALS IN ORDER TO PROVIDE IMMEDIATE TRAUMA SURGERY AND OTHER TREATMENT SERVICES TO TRAUMA PATIENTS. THE EXPENSES ABOVE REFLECT THESE STAFFING COSTS. LEVEL I TRAUMA CENTERS ALSO HAVE SPECIAL RESPONSIBILITIES FOR FORMING AND CARRYING OUT AREA-WIDE DISASTER PREPAREDNESS AND EMERGENCY RESPONSE PLANS AND FOR COORDINATING AREA-WIDE TRAUMA SERVICES IN THE EVENT OF MAJOR DISASTERS.

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	EMS FLIGHT & GROUND TRANSPORT SERVICES	(EXPENSES \$20,008,733 INCLUDING GRANTS OF \$ NONE) (REVENUE \$12,945,351) THE CORPORATION PROVIDES EMERGENCY HELICOPTER TRANSPORT SERVICES TO PATIENTS IN NORTHERN AND CENTRAL ILLINOIS USING A FLEET OF FOUR EMS CONFIGURED HELICOPTERS 2,396 EMS HELICOPTER PATIENT TRANSPORTS WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011 A SUBSIDIARY OF THE CORPORATION PROVIDES GROUND AMBULANCE PATIENT TRANSPORT SERVICES IN NORTHERN ILLINOIS 8,132 GROUND AMBULANCE PATIENT TRANSPORTS PLUS 3,626 WHEELCHAIR PATIENT TRANSPORTS WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	COMMUNITY CLINIC, Outreach, and Other Educational PROGRAMS	<p>(EXPENSES \$6,539,756 INCLUDING GRANTS OF \$ NONE) (REVENUE \$2,134,856) OSF COMMUNITY PRENATAL CLINIC - BLOOMINGTON, ILLINOIS THIS CLINIC SERVES UNINSURED AND UNDERINSURED PREGNANT WOMEN IN THE BLOOMINGTON-NORMAL, ILLINOIS COMMUNITIES AND SURROUNDING AREA THE CLINIC PROVIDES SPANISH-SPEAKING STAFF TO ASSIST PATIENTS WHO HAVE LANGUAGE BARRIERS PRENATAL SERVICES AND DELIVERIES WERE PROVIDED TO 52 WOMEN DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011 OSF SISTERS COMMUNITY HEALTHCARE CLINICS - PEORIA, ILLINOIS THIS CLINIC IS A PRIMARY CARE HOSPITAL BASED RESIDENCY CLINIC WHERE UNINSURED AND UNDERINSURED PATIENTS OF ALL AGES ARE SEEN BY RESIDENT PHYSICIANS UNDER THE DIRECTION OF AN ATTENDING PHYSICIAN PROFESSIONAL SERVICES INCLUDE ADULT INTERNAL MEDICINE, PEDIATRIC AMBULATORY CARE, AND OBSTETRICS/GYNECOLOGY OTHER SERVICES INCLUDE X-RAY, LABORATORY, SONOGRAPHY, COUMADIN MANAGEMENT, ADULT AND PEDIATRIC SOCIAL SERVICES, AND FINANCIAL ADVISORY SERVICES 24,825 PATIENT VISITS WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011 PARISH NURSING PROGRAM - PEORIA, ILLINOIS THIS PROGRAM PROVIDES PROFESSIONAL SUPERVISION AND CLINICAL SUPPORT FOR VOLUNTEER NURSES WHO FURNISH MEDICAL SCREENING, EDUCATION AND NURSING SERVICES TO MEMBERS OF CHURCH CONGREGATIONS IN AND AROUND PEORIA, ILLINOIS PERINATAL OUTREACH PROGRAM - PEORIA, ILLINOIS THIS PROGRAM PROVIDES PROFESSIONAL EDUCATION AND TRAINING TO CLINICIANS IN COMMUNITY HOSPITALS THROUGHOUT CENTRAL ILLINOIS REGARDING CLINICALLY APPROPRIATE MANAGEMENT AND REFERRAL OF WOMEN WITH HIGH RISK PREGNANCIES 1,106 HOURS OF EDUCATION AND TRAINING WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2011 COMMUNITY TRAINING CENTER - ROCKFORD, ILLINOIS AND PEORIA, ILLINOIS THE COMMUNITY TRAINING CENTERS PROVIDE TRAINING TO THE PUBLIC SO THEY ARE PREPARED TO DO BASIC LIFE SUPPORT IN AN EMERGENCY CLASSES INCLUDE CPR CERTIFICATION AND TRAINING FOR THE AMERICAN HEART ASSOCIATION CERTIFICATIONS SUCH AS BASIC LIFE SUPPORT AND ADVANCED LIFE PARAMEDICAL EDUCATION - ROCKFORD, ILLINOIS THIS PROGRAM PROVIDES BASIC AND CONTINUING EDUCATION AT VARIOUS EMERGENCY MEDICAL TECHNICIAN (EMT) LEVELS TO OVER 2,500 EMTS WHO SERVE IN THEIR HOME COMMUNITIES EMT EDUCATION - PEORIA, ILLINOIS THIS INCLUDES CLASSES PROVIDED TO THE AMBULANCE AND RESCUE SQUADS OF THE CENTRAL ILLINOIS AREA FOR THE TRAINING AND UPDATING OF THE EMPLOYEES AND VOLUNTEERS OF THE SQUADS THIS SERVICE PROVIDES HUNDREDS OF HOURS OF ONGOING TRAINING THROUGHOUT THE REGION TO FIRST RESPONDERS MEDICAL TECH EDUCATION - ROCKFORD, ILLINOIS AND PEORIA, ILLINOIS AT PEORIA THIS IS A YEAR LONG PROGRAM FOR SCIENCE MAJOR STUDENTS THAT WILL BECOME TECHNICIANS IN A HOSPITAL LAB THIS IS A REQUIRED PROGRAM FOR THE STUDENTS TO COMPLETE THE BACHELOR'S DEGREE AND BE ABLE TO FUNCTION IN THE LAB THERE ARE USUALLY TEN STUDENTS PER YEAR ROCKFORD'S CLINICAL LAB HAS AN EXCLUSIVE AFFILIATION WITH THE NORTHERN ILLINOIS UNIVERSITY CLINICAL LABORATORY SCIENCE PROGRAM THE LAB SERVES AS A CLINICAL TRAINING SITE FOR FOUR STUDENTS ANNUALLY WHO COMPLETE A 33-WEEK CLINICAL ROTATION WHERE THEY ARE ONSITE FOR 24 HOURS EACH WEEK RADIOLOGY TECH EDUCATION - PEORIA, ILLINOIS THIS IS A TWO YEAR PROGRAM FOR STUDENTS THAT WISH TO BECOME IMAGING TECHNICIANS IN ANY OF SEVERAL AREAS (DIAGNOSTIC, MRI, CT, SONS, ETC) UPON GRADUATION THE STUDENT IS ABLE TO PROVIDE THE PROCEDURES IN A CLINICAL SETTING THERE ARE APPROXIMATELY TWENTY STUDENTS PER YEAR DIETETIC EDUCATION - PEORIA, ILLINOIS THIS IS A YEAR LONG PROGRAM THAT IS REQUIRED FOR A STUDENT TO BECOME A REGISTERED DIETITIAN THE STUDENTS ARE PROVIDED TRAINING IN THE PREPARATION OF DIETS, COUNSELING, RESEARCH, AND EXPOSURE TO THE OPERATIONS OF A FOOD SERVICE AREA THERE ARE APPROXIMATELY TEN STUDENTS PER YEAR OTHER PROGRAM SERVICES (EXPENSES \$6,996,695 INCLUDING GRANTS OF \$ NONE) (REVENUE \$4,546,061)</p>

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 6 & 7A		OSF HEALTHCARE SYSTEM HAS NO CORPORATE STOCK OR STOCKHOLDERS ITS SOLE MEMBER IS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS, AN ILLINOIS NOT FOR PROFIT CORPORATION, WHICH IS CONTROLLED BY MEMBERS OF A RELIGIOUS CONGREGATION OF THE CATHOLIC CHURCH ALSO KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS THE GOVERNING BOARD OF THE SISTERS OF THE THIRD ORDER OF ST FRANCIS, AN ILLINOIS NOT FOR PROFIT CORPORATION AND THE SOLE MEMBER OF OSF HEALTHCARE SYSTEM, HOLDS RESERVED POWERS TO ELECT AND REMOVE ALL OF THE MEMBERS OF THE BOARD OF DIRECTORS OF OSF HEALTHCARE SYSTEM

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 7B		<p>AS GOVERNED BY CANONICAL AND CIVIL GUIDELINES PERTAINING TO ROMAN CATHOLIC CHURCH PROPERTIES AND AS PROVIDED IN THE BYLAWS, CERTAIN TRANSACTIONS OF OSF HEALTHCARE SYSTEM MAY BE AUTHORIZED ONLY BY VOTE OF THE GOVERNING BOARD OF THE SISTERS OF THE THIRD ORDER OF ST FRANCIS, WHICH VOTE IS TO BE TAKEN ONLY AFTER CONSIDERING THE ADVICE OF THE BOARD OF DIRECTORS OF OSF HEALTHCARE SYSTEM. THESE TRANSACTIONS ARE AS FOLLOWS - TO ESTABLISH THE PHILOSOPHY AND MISSION ACCORDING TO WHICH THE CORPORATION OPERATES - TO AMEND THE CORPORATION'S ARTICLES OF INCORPORATION AND BYLAWS - TO ELECT AND REMOVE WITH OR WITHOUT CAUSE THE DIRECTORS OF THE CORPORATION - TO MERGE OR DISSOLVE THE CORPORATION - TO LEASE, SELL, ENCUMBER OR OTHERWISE ALIENATE REAL PROPERTY OF THE CORPORATION - TO APPROVE ANY TRANSFER, LEASE, SALE OR ENCUMBRANCE OF PERSONAL PROPERTY OF THE CORPORATION EXCEPT IN THE ORDINARY COURSE OF BUSINESS - TO APPROVE ANY BORROWING OR DEBT FINANCING IN EXCESS OF A SPECIFIED LIMIT (CURRENTLY \$1,000,000) ESTABLISHED BY RESOLUTION OF THE MEMBER - TO APPOINT (OR APPROVE THE APPOINTMENT OF) OR REMOVE THE CORPORATION'S CHAIRPERSON, CHIEF EXECUTIVE OFFICER, PRESIDENT, REGIONAL PRESIDENT/CHIEF EXECUTIVE OFFICERS, AND THE LOCAL PRESIDENT/CHIEF EXECUTIVE OFFICER OF EACH HEALTH CARE FACILITY AND OPERATING DIVISION OWNED, OPERATED OR CONTROLLED BY THE CORPORATION - TO APPROVE STRATEGIC PLANS, MANAGEMENT OBJECTIVES AND CAPITAL AND OPERATING BUDGETS OF THE CORPORATION - TO APPROVE ANY PURCHASE OR OTHER ACQUISITION IN EXCESS OF A SPECIFIED LIMIT (CURRENTLY \$1,000,000) ESTABLISHED BY RESOLUTION OF THE MEMBER - TO REQUIRE A CERTIFIED AUDIT OF THE CORPORATION'S FINANCES AND TO APPOINT THE CERTIFIED PUBLIC ACCOUNTANT TO PERFORM THE AUDIT - TO APPROVE THE ENGAGEMENT OF ANY OUTSIDE LEGAL COUNSEL TO REPRESENT THE CORPORATION ON A REGULAR BASIS AND THE DISMISSAL OF ANY CURRENT LEGAL COUNSEL REPRESENTING THE CORPORATION ON A REGULAR BASIS - TO GIVE PRELIMINARY APPROVAL PRIOR TO THE DEVELOPMENT OF, AND TO GIVE FINAL APPROVAL PRIOR TO THE EXECUTION OF, ALL DOCUMENTS TO WHICH THE CORPORATION IS OR WILL BE A PARTY AND WHICH RELATE TO THE CREATION, FORMATION, ORGANIZATION, OR TERMINATION OF ANY OTHER LEGAL ENTITY (WHETHER A CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP, OR ANY OTHER ENTITY) IN WHICH THE CORPORATION WILL HAVE ANY OWNERSHIP INTEREST, MEMBERSHIP INTEREST, POWER TO ELECT OR APPOINT BOARD MEMBERS OR OFFICERS, OR ANY OTHER FORMAL PARTICIPATION ARRANGEMENT, WHETHER ACTING ALONE OR IN CONJUNCTION WITH ANY OTHER PERSON OR ENTITY.</p>

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 9		LEONARD E NEVITT 12441 N COVE CT DUNLAP, IL 61525 JAMES W GIRARDY, M D C/O ROCKFORD SURGICAL SERVICE 5688 E STATE STREET ROCKFORD, IL 61108 JAMES MOORE 4405 W LONGMEADOW CT PEORIA, IL 61615

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 11A		THE INITIAL DRAFT FORM 990 AND ALL REQUIRED SCHEDULES ARE PREPARED USING A MULTI-DISCIPLINARY PROCESS WHICH INCLUDES CORPORATE FINANCE AND ACCOUNTING, CORPORATE LEGAL, CORPORATE COMPLIANCE, AND CORPORATE MARKETING AND COMMUNICATIONS PERSONNEL WHO FOCUS INITIALLY ON SPECIFIC PORTIONS OF THE RETURN. THE COMPLETED DRAFT FORM 990 AND ALL SCHEDULES ARE THEN REVIEWED BY THIS SAME MULTI-DISCIPLINARY TEAM TO ENSURE ACCURACY AND INTEGRATION OF THE INDIVIDUAL PARTS AND SCHEDULES. IN ADDITION, THE INFORMATION AND SCHEDULES OF THE RETURN ARE SENT TO THE CORPORATION'S OUTSIDE AUDITORS, KPMG LLP FOR REVIEW AND COMMENT. KPMG REVIEWS THE INFORMATION AND SCHEDULES AND PREPARES AND SIGNS THE FINAL RETURN. COMMENTS FROM THE MULTI-DISCIPLINARY TEAM AND FROM THE AUDITORS ARE INCORPORATED INTO A PROPOSED FINAL VERSION OF FORM 990 AND ALL SCHEDULES. THIS PROPOSED FINAL VERSION IS THEN SENT VIA E-MAIL TO ALL OFFICERS AND MEMBERS OF THE BOARD OF DIRECTORS FOR THEIR REVIEW PRIOR TO FILING. ANY APPROPRIATE CHANGES REQUESTED BY THE OFFICERS AND DIRECTORS ARE THEN INCORPORATED INTO THE FINAL FORM 990 AND ALL SCHEDULES FOR FILING.

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 12C		DISCLOSURES BY OFFICERS, DIRECTORS AND TRUSTEES, AS WELL AS KEY EMPLOYEES AND EMPLOYEES CHARGED WITH PURCHASING, PROCUREMENT AND CONTRACTING DECISION-MAKING ARE MADE THROUGH AN ELECTRONIC REPORTING SYSTEM. DISCLOSURES ARE RECEIVED AND REVIEWED BY THE CORPORATE COMPLIANCE DIVISION. IF A POTENTIAL CONFLICT OF INTEREST IS IDENTIFIED, THEN THE DISCLOSING EMPLOYEE IS NOTIFIED OF THE POTENTIAL CONFLICT AND MAY BE ASKED FOR ADDITIONAL INFORMATION ABOUT THE INTEREST. THE CORPORATE COMPLIANCE DIVISION DETERMINES WHETHER A PLAN TO MANAGE A POSSIBLE OR ACTUAL CONFLICT OF INTEREST IS NEEDED, DISCUSSES THE MANAGEMENT PLAN WITH THE EMPLOYEE AND MONITORS THE EMPLOYEE'S COMPLIANCE WITH THE PLAN. PLANS TO MANAGE CONFLICTS ARE TRACKED THROUGH THE ELECTRONIC DISCLOSURE SYSTEM.

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 15A		THE BOARD OF DIRECTORS HAS ESTABLISHED A BOARD COMMITTEE KNOWN AS THE HUMAN RESOURCES COMMITTEE WHOSE MEMBERS ARE ALL PROFESSED MEMBERS OF THE RELIGIOUS CONGREGATION KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS WHO HAVE TAKEN A VOW OF POVERTY HENCE, THEY DO NOT PERSONALLY BENEFIT FROM DECISIONS OF THE COMMITTEE THE CHIEF EXECUTIVE OFFICER ("CEO") IS NOT A MEMBER OF THE COMMITTEE THE PERFORMANCE OF THE CEO AND HIS ACHIEVEMENT OF ANNUAL GOALS IS EVALUATED EACH YEAR BY THE FULL BOARD OF DIRECTORS, AND THIS PERFORMANCE REVIEW IS PROVIDED TO THE COMMITTEE THE COMMITTEE ALSO OBTAINS COMPENSATION SURVEY DATA AND RECOMMENDATIONS FROM A NATIONALLY RECOGNIZED INDEPENDENT COMPENSATION CONSULTANT BASED ON ALL OF THESE FACTORS, THE COMMITTEE SETS THE BASE SALARY AND BENEFITS OF THE CEO AND APPROVES THE EXECUTIVE COMPENSATION PLAN APPLICABLE TO THE CEO PRIOR TO PAYMENT OF ANY BONUS OR INCENTIVE COMPENSATION, THETOTAL COMPENSATION FOR THE CEO, INCLUDING BASE SALARY, BENEFITS, AND PROPOSED BONUS OR INCENTIVE COMPENSATION, IS AGAIN REVIEWED BY A NATIONALLY RECOGNIZED COMPENSATION CONSULTANT TO ENSURE THAT NO "EXCESS BENEFIT" AMOUNT IS PAID OR FURNISHED

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 15B		THE BOARD OF DIRECTORS HAS ESTABLISHED A BOARD COMMITTEE KNOWN AS THE HUMAN RESOURCES COMMITTEE WHOSE MEMBERS ARE ALL PROFESSED MEMBERS OF THE RELIGIOUS CONGREGATION KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS WHO HAVE TAKEN A VOW OF POVERTY HENCE, THEY DO NOT PERSONALLY BENEFIT FROM DECISIONS OF THE COMMITTEE. THE COMMITTEE DETERMINES WHICH OFFICERS, KEY EMPLOYEES AND OTHER EMPLOYEES ARE ELIGIBLE TO PARTICIPATE IN THE EXECUTIVE COMPENSATION PLAN BASED ON PERFORMANCE REVIEWS BY THE SUPERVISORS OF SUCH PERSONS AND COMPENSATION SURVEY DATA AND RECOMMENDATIONS FROM A NATIONALLY KNOWN INDEPENDENT COMPENSATION CONSULTANT, THE COMMITTEE APPROVES ANY EXECUTIVE COMPENSATION PLAN APPLICABLE TO KEY EMPLOYEES AND ESTABLISHES THE BASE SALARY AND BENEFITS FOR PLAN PARTICIPANTS. PRIOR TO PAYMENT OF ANY BONUS OR INCENTIVE COMPENSATION, THE TOTAL COMPENSATION FOR EACH KEY EMPLOYEE, INCLUDING BASE SALARY, BENEFITS, AND PROPOSED BONUS OR INCENTIVE COMPENSATION, IS AGAIN REVIEWED BY A NATIONALLY RECOGNIZED COMPENSATION CONSULTANT TO ENSURE THAT NO "EXCESS BENEFIT" AMOUNT IS PAID OR FURNISHED. SOME KEY EMPLOYEES LISTED IN PART VII ARE PRACTICING PHYSICIANS WHO ARE LISTED AS KEY EMPLOYEES AS A RESULT OF THE COMPENSATION THEY RECEIVE AND NOT DUE TO ANY EXECUTIVE OR MANAGEMENT POSITION WHICH THEY HOLD. SUCH PHYSICIANS GENERALLY ARE NOT PARTICIPANTS IN THE EXECUTIVE COMPENSATION PLAN, AND THEIR COMPENSATION, INCLUDING BASE SALARY, BENEFITS, AND ANY APPLICABLE BONUS OR INCENTIVE COMPENSATION, IS ESTABLISHED IN ACCORDANCE WITH NATIONALLY RECOGNIZED PHYSICIAN COMPENSATION SURVEYS AND IS SET FORTH IN WRITTEN EMPLOYMENT AGREEMENTS WHICH ARE APPROVED BY THE BOARD OF DIRECTORS OR ITS EXECUTIVE COMMITTEE.

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 18		OSF HEALTHCARE SYSTEM MAKES ITS FORM 990, ITS FORM 990-T, AND DOCUMENTATION OF ITS EXEMPT STATUS UNDER SECTION 501(C)(3) OF THE CODE AVAILABLE FOR PUBLIC INSPECTION AND COPYING UPON REQUEST IN ACCORDANCE WITH SECTION 6104 OF THE CODE. NAMES AND ADDRESSES OF CONTRIBUTORS ARE NOT DISCLOSED. REQUESTS MAY BE MADE IN PERSON, IN WRITING, OR BY TELEPHONE. REQUESTS MADE IN PERSON ARE ACCEPTED AT THE CORPORATE OFFICE AND AT EACH HOSPITAL FACILITY OF THE CORPORATION. REQUESTS MADE IN WRITING OR BY TELEPHONE TO ANY FACILITY OR LOCATION OF THE CORPORATION ARE FORWARDED TO THE CORPORATE FINANCE AND ACCOUNTING DIVISION, WHICH THEN PROVIDES COPIES OF THE REQUESTED DOCUMENTS IN THE MANNER REQUESTED (IF SUCH DELIVERY METHOD IS AVAILABLE TO THE CORPORATION).

Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 19		THE CORPORATION MAKES ITS ARTICLES OF INCORPORATION, CORPORATE BY LAWS, AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC UPON REQUEST. ALL REQUESTS ARE FORWARDED TO THE CORPORATE LEGAL DIVISION, WHICH THEN PROVIDES COPIES OF THE REQUESTED DOCUMENTS IN THE MANNER REQUESTED (IF SUCH DELIVERY METHOD IS AVAILABLE TO THE CORPORATION). IN ADDITION, THE CORPORATION'S ARTICLES OF INCORPORATION ARE PUBLICLY AVAILABLE FROM THE OFFICE OF THE ILLINOIS SECRETARY OF STATE OR FROM THE RECORDER OF DEEDS IN WOODFORD COUNTY, ILLINOIS, SITE OF THE CORPORATION'S REGISTERED OFFICE. FINANCIAL STATEMENTS OF THE CORPORATION ARE PUBLICLY AVAILABLE ON THE ELECTRONIC MUNICIPAL MARKET ACCESS (EMMA) WEBSITE OF THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) AND FROM THE ILLINOIS ATTORNEY GENERAL AS PART OF THE CORPORATION'S COMMUNITY BENEFIT REPORT.

Identifier	Return Reference	Explanation
FORM 990 - PART XI - LINE 5	OTHER CHANGES IN FUND BALANCE INCLUDE	CHANGE IN UNREALIZED MARKET VALUE OF SWAPS (13,479,872) NET ASSETS RELEASED FROM RESTRICTION (3,166,430) UNREALIZED GAIN/LOSS (28,600,130) INVESTMENT LOSS (309,593) INCREASE IN PERMANETLY RESTRICTED ASSETS 11,631,859 REVERSAL OF MINIMUM PENSION LIABILITY 3,126,583 SFI & SUBSIDIAIRY INCOME 987,944 NET ASSETS RELEASED FROM RESTRICTION FOR OPERATIONS 22,500 MINOIRTY INTEREST (2,702,558) INVESTMENT IN HEALTHCARE MIDWEST (17,188,495) EQUITY TRANSFERS (32,950,686) ELIMINATION OF MULTI-PEORIA AND INI PRIOR YEAR NET ASSETS 2,548,781 ----- TOTAL CHANGES IN NET ASSETS OR FUND BALANCE (80,080,097)

Identifier	Return Reference	Explanation
SCHEDULE G - LINE 2B		THERE ARE NO RECEIPTS FROM PROFESSIONAL FUNDRAISING OSF HEALTHCARE SYSTEM SIGNED THE PROFESSIONAL FUNDRAISING CONTRACT AND PAID THE FEE FOR IT HOWEVER, OSF HEALTHCARE FOUNDATION (A SEPARATE BUT RELATED ENTITY - SEE SCHEDULE R) WILL BE RECEIVING THE RECEIPTS

Identifier	Return Reference	Explanation
SCHEDULE K - PART I - BOND ISSUES		<p>ILLINOIS FINANCE AUTHORITY - 5/12/2004 Cusip# 45200BBQ0 THE PROCEEDS OF THE SERIES 2004 BONDS WERE USED TO (I) REFUND THE \$122,000,000 ILLINOIS HEALTH FACILITIES AUTHORITY REVENUE BONDS, SERIES 1993 (OSF HEALTHCARE SYSTEM), OUTSTANDING IN THE PRINCIPAL AMOUNT OF \$95,330,000 (THE "SERIES 1993 BONDS") (II) ESTABLISH A DEBT SERVICE RESERVE FUND AND (III) PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2004 BONDS AND THE REFUNDING OF THE SERIES 1993 BONDS</p> <p>ILLINOIS FINANCE AUTHORITY - 08/29/2007 Cusip# 45200B8E1 THE CORPORATION USED THE PROCEEDS OF THE SERIES 2007 BONDS, TOGETHER WITH CERTAIN OTHER AVAILABLE FUNDS, INCLUDING PROCEEDS FROM THE SALE OF THE AUCTION BONDS AND THE VARIABLE RATE BONDS, TO (I) FINANCE OR REFINANCE THE COST OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, (II) PAY CAPITALIZED INTEREST WITH RESPECT TO A PORTION OF THE SYSTEMWIDE BONDS, (III) FUND DEBT SERVICE RESERVE FUNDS FOR CERTAIN OF THE SYSTEMWIDE BONDS, (IV) REFINANCE THE PRIOR INDEBTEDNESS DESCRIBED BELOW AND (V) PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SYSTEMWIDE BONDS AND THE REFINANCING</p> <p>ILLINOIS FINANCE AUTHORITY - 03/31/2009 Cusip# 45200FWD7, 4500FWG0, 45200FWE5, 45200FWF2 THE CORPORATION USED THE PROCEEDS OF THE SYSTEMWIDE BONDS, TOGETHER WITH CERTAIN OTHER AVAILABLE FUNDS, TO (I) REFINANCE AND REDEEM THE PRIOR BONDS DESCRIBED BELOW, (II) FUND A DEBT SERVICE RESERVE FUND FOR THE SERIES 2009 BONDS, AND (III) PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SYSTEMWIDE BONDS AND THE REFINANCING</p> <p>ILLINOIS FINANCE AUTHORITY - 08/18/2009 NO CUSIP# THE CORPORATION USED THE PROCEEDS OF THE SERIES 2009EFG TO PAY OR REIMBURSE THE CORPORATION FOR THE PROJECTS</p> <p>ILLINOIS FINANCE AUTHORITY - 09/10/2008 CUSIP# 45200MS70 THE NOTES WERE ISSUED AS PART OF THE ISSUER'S PROGRAM TO FINANCE EDUCATIONAL AND CULTURAL PROJECTS THE NOTES ARE SHORT-TERM NOTES AND ADDITIONAL NOTES WILL BE ISSUED TO REFUND THE NOTES THE VARIOUS NOTES ISSUED TO REFUND THE NOTES WILL NOT HAVE A FINAL MATURITY GREATER THAN SEPTEMBER 10, 2038</p> <p>ILLINOIS FINANCE AUTHORITY - 06/29/2010 CUSIP# 45200F3R8 THE CORPORATION USED THE PROCEEDS OF THE SERIES 2010A BONDS, TOGETHER WITH CERTAIN OTHER AVAILABLE FUNDS, TO (I) REFINANCE AND REDEEM ON OR ABOUT AUGUST 2, 2010, THE ILLINOIS HEALTH FACILITY AUTHORITY VARIABLE DEMAND REVENUE BONDS, SERIES 1985B (REVOLVING FUND POOLED FINANCING PROGRAM) AND ILLINOIS FINANCE AUTHORITY VARIABLE RATE REVENUE BONDS, SERIES 2001 IN THE AMOUNT OF \$75,000,000 AND \$46,050,000, RESPECTIVELY, ON OR ABOUT SEPTEMBER 17, 2010, THE ILLINOIS FINANCE AUTHORITY REVENUE BONDS, SERIES 2007D IN THE AMOUNT OF \$20,050,000, (II) PAY OR REIMBURSE THE CORPORATION FOR THE PROJECT, (III) FUND A DEBT SERVICE RESERVE FUND FOR THE SERIES 2010A BONDS, AND PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2010A BONDS AND THE REFINANCING OF THE SERIES 1985B BONDS, THE SERIES 2001 BONDS AND THE SERIES 2007D BONDS</p>

Identifier	Return Reference	Explanation
SCHEDULE K - PART II - LINE 7	BOND ISSUANCE COSTS	BOND ISSUANCE COST CREDIT ENHANCEMENT TOTAL A \$1,106,462 \$0 \$1,106,462 B \$3,319,397 \$8,846,375 \$12,165,772 C \$3,114,169 \$126,677 \$3,240,846 D \$0 \$0 \$0 E \$170,804 \$53,120 \$223,924 F \$2,080,292 \$0 \$2,080,292

Identifier	Return Reference	Explanation
SCHEDULE R - PART I - (B) PRIMARY ACTIVITY		OSF LIFELINE AMBULANCE, LLC OWNS 10 AMBULANCES AND FOUR WHEEL CHAIR VANS CONFIGURED AND EQUIPPED FOR PATIENT TRANSPORT AND PROVIDES GROUND AMBULANCE SERVICES IN NORTHERN ILLINOIS

Identifier	Return Reference	Explanation
SCHEDULE R - PART II - (B) PRIMARY ACTIVITY		THE SISTERS OF THE THIRD ORDER OF ST FRANCIS IS THE SOLE MEMBER OF THE CORPORATION AND IS ENGAGED IN ACTIVITIES RELATED TO GOVERNANCE OF THE CORPORATION OSF HEALTHCARE FOUNDATION RAISES FUNDS TO SUPPORT THE ACTIVITIES OF THE CORPORATION

Identifier	Return Reference	Explanation
SCHEDULE R - PART III - LINE 1B		CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC OPERATES A MULTISPECIALTY AMBULATORY SURGICAL CENTER IN PEORIA, ILLINOIS STATE AND ROXBURY, LLC OPERATES A REAL ESTATE MANAGEMENT ORGANIZATION IN ROCKFORD, ILLINOIS EASTLAND MEDICAL PLAZA SURGICENTER, LLC OPERATES A MULTISPECIALTY AMBULATORY SURGERY TREATMENT CENTER IN BLOOMINGTON, ILLINOIS FORT JESSE IMAGING CENTER, LLC OPERATES A STAND-ALONE MEDICAL IMAGING CENTER IN BLOOMINGTON, ILLINOIS SLEEP CENTER OF CENTRAL ILLINOIS, LLC OPERATES A STAND-ALONE SLEEP DISORDER DIAGNOSTIC CENTER IN BLOOMINGTON, ILLINOIS

Identifier	Return Reference	Explanation
SCHEDULE R - PART IV - LINE 1B		OSF SAINT FRANCIS, INC PROVIDES HEALTHCARE RELATED SERVICES SUCH AS MEDICAL PRACTICE MANAGEMENT, RETAIL PHARMACIES, MOBILE MEDICAL SYSTEMS, DURABLE MEDICAL EQUIPMENT, HOME THERAPEUTICS, REAL ESTATE RENTAL AND EQUIPMENT TECHNOLOGY SERVICES HEARTCARE MIDWEST, LTD IS A PHYSICIAN GROUP OF CARDIOVASCULAR SPECIALISTS SERVING CENTRAL ILLINOIS CARDIOVASCULAR INSTITUTE AT OSF, LLC IS A PHYSICIAN GROUP OF CARDIOVASCULAR SPECIALISTS SERVING NORTHERN ILLINOIS ILLINOIS PATHOLOGIST SERVICES, LLC PROVIDES PATHOLOGY SERVICES INNORTHERN ILLINOIS OSF MULTISPECIALTY GROUP - EASTERN REGION, LLC IS A MULTISPECIALTY CLINIC SERVING EASTERN ILLINOIS, OFFERING SERVICES IN ADULT MEDICINE, BEHAVIORAL FAMILY MEDICINE, GENERAL SURGERY, NEUROLOGY, OBSTETRICS, GYNECOLOGY, PEDIATRICS, PHY SIATRY, PULMONOLOGY, RADIOLOGY AND UROLOGY OSF MULTISPECIALTY GROUP - PEORIA, LLC PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESSES ILLINOIS NEUROLOGICAL INSTITUTE - PHY SICIANS, LLC PROVIDES A FULL SPECTRUM OF ADULT AND PEDIATRIC CARE FOR ILLNESSES AFFECTING THE BRAIN, SPINAL CORD, AND PERIPHERAL NERVES ILLINOIS SPECIALTY PHY SICIAN SERVICES AT OSF, LLC PROVIDES PULMONOLOGY AND CRITICAL CARE SERVICES IN CENTRAL ILLINOIS OSF PERINATAL ASSOCIATES, LLC PROVIDES MATERNAL FETAL MEDICINE PHY SICIAN SERVICES IN CENTRAL ILLINOIS OSF CHILDREN'S MEDICAL GROUP - CONGENITAL HEART CENTER, LLC PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESS IN NORTHERN ILLINOIS PREFERRED EMERGENCY PHY SICIANS OF ILLINOIS, LLC PROVIDES PHY SICIAN COVERAGE FOR EMERGENCY DEPARTMENTS

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

Open to Public Inspection

Department 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
OSF Healthcare System

Employer identification number
37-0813229

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) OSF Lifeline Ambulance LLC 318 Roxbury Road Rockford, IL 61108 20-0080542	Schedule O	IL	-848,815	839,455	OSF

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) Sister of the Third Order of St Francis 800 NE Glen Oak Peoria, IL 61603 37-1259286	Schedule O	IL	501(C)(3)	In11 typeII	NA		
(2) OSF Healthcare Foundation 800 NE Glen Oak Avenue Peoria, IL 61603 37-1259284	Schedule O	IL	501(C)(3)	In11 typeII	NA		
(3) St Francis Community Clinic 530 NE GLEN OAK AVENUE PEORIA, IL 61603 37-0661235	SCHEDULE O	IL	501(C)(3)	LN7	SISTERS OF T		

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Center for Health Ambulatory Surgery Cen 8800 Route 91 North Peona, IL61615 20-5557171	Schedule O	IL	OSF	Related	4,064,297	2,595,101		No			No	60 250 %
(2) State and Roxbury LLC 5668 E State Street Rockford, IL61108 26-1728983	Schedule O	IL	OSF	Related	-115,533	1,970,357		No			No	51 000 %
(3) Eastland Medical Plaza Surgicenter LLC 1505 Eastland Drive Bloomington, IL61701 37-1400643	Schedule O	IL	OSF	Related	4,028,055	5,868,709		No			No	50 000 %
(4) Fort Jesse Imaging Center LLC 220 Ft Jesse Road Suite B Normal, IL61761 46-0515604	Schedule O	IL	OSF	Related	393,602	299,470		No			No	50 100 %
(5) Sleep Center of Central Illinois LLC 2204 Eastland Drive Suite 100 Bloomington, IL61704 81-0581886	Schedule O	IL	OSF	Related	225,816	162,058		No			No	50 050 %

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
See Additional Data Table							

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

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

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

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

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

Yes

No

1a Yes

1b Yes

1c Yes

1d Yes

1e

1f

1g

1h

1i

1j Yes

1k Yes

1l Yes

1m Yes

1n Yes

1o Yes

1p

1q

1r Yes

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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Software ID:

Software Version:

EIN: 37-0813229

Name: OSF Healthcare System

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
OSF Saint Francis Inc 800 NE Glen Oak Ave Peoria, IL61603 36-3484677	Schedule O	IL	OSF	C	-4,415,867	132,943,394	100 000 %
Heartcare Midwest LTD 5404 N Knoxville Avenue Peoria, IL61614 37-0996868	Schedule O	IL	OSF	c	-17,188,495	4,745,588	100 000 %
Cardiovascular Institute at OSF LLC 444 Roxbury Road Rockford, IL61107 26-4225726	Schedule O	IL	OSF	C	-799,421	2,390,220	100 000 %
Illinois Pathologist Services LLC 5666 East State Street Rockford, IL61108 80-0439081	Schedule O	IL	OSF	C	-589,350	266,809	100 000 %
OSF Multispecialty Group-Eastern Region 1701 E College Avenue Bloomington, IL61704 30-0561892	Schedule O	IL	OSF	C	-12,998,288	5,224,121	100 000 %
OSF Multispecialty Group-Peoria LLC 530 NE Glen Oak Avenue Peoria, IL61637 26-2800379	Schedule O	IL	OSF	C	-1,720,499	256,918	100 000 %
III Neurological Institute-Phy LLC 719 N William Kumpf Blvd Peoria, IL61605 26-3109118	Schedule O	IL	OSF	C	-3,469,251	340,227	100 000 %
III Spec Phy Svcs at OSF LLC 1001 Main Street Suite 200 Peoria, IL61606 80-0462209	Schedule O	IL	OSF	C	-2,464,626	252,208	100 000 %
OSF Perinatal Assocaites LLC 4911 Executive Drive Suite 200 Peoria, IL61614 80-0498373	Schedule O	IL	OSF	C	-2,463,275	270,866	100 000 %
OSF Multispecialty Group-Western Region 3315 North Seminary Street Galesburg, IL61401 80-0608541	Schedule O	IL	OSF	C	-3,601,014	777,811	100 000 %
OSF Children's Medical Group - Congenita 5701 Strathmoor Drive Suite 1 Peoria, IL61603 90-0714643	Schedule O	IL	OSF	C	-146,096	122,441	100 000 %
Preferred Emergency Physicians of Illino 800 NE Glen Oak Avenue Peoria, IL61603 90-0749855	Schedule O	IL	OSF	C	-22,654	281,927	100 000 %

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	Center for Health Ambulatory Surgery Center	a(iv)	933,502	
(2)	Eastland Medical Plaza Surgicenter LLC	a(iv)	567,317	
(3)	Heartcare Midwest Ltd	a(iv)	156,000	
(4)	OSF Multispecialty Group - Peoria LLC	a(iv)	235,219	
(5)	OSF Perinatal Associates LLC	a(iv)	218,029	
(6)	Illinois Neurological Institute - Physicians	a(iv)	14,799	
(7)	OSF Saint Francis Inc	a(iv)	379,751	
(8)	Illinois Pathologist Services LLC	a(iv)	11,400	
(9)	Illinois Specialty Physician Services at OSF	a(iv)	57,352	
(10)	OSF Multispecialty Group-Western Region LLC	a(iv)	5,067	
(11)	OSF Children's Medical Group - Congenital Hea	a(iv)	5,220	
(12)	OSF Multispecialty Group-Peoria LLC	b	1,900,000	
(13)	Illinois Neurological Institute - Physicians	b	3,300,000	
(14)	Cardiovascular Institute at OSF LLC	b	7,700,000	
(15)	OSF Multispecialty Group-Eastern Region LLC	b	12,000,000	
(16)	Illinois Specialty Physician Services at OSF	b	2,710,000	
(17)	OSF Multispecialty Group-Western Region LLC	b	2,001,500	
(18)	OSF Perinatal Associates LLC	b	2,450,000	
(19)	OSF Children's Medical Group - Congenital Hea	b	151,500	
(20)	HeartCare Midwest Ltd	b	16,078,514	
(21)	State and Roxbury LLC	d	712,000	
(22)	OSF Saint Francis Inc	j	5,961,405	
(23)	Cardiovascular Institute at OSF LLC	j	537,156	
(24)	State and Roxbury LLC	j	199,097	
(25)	Heartcare Midwest Ltd	j	668,301	
(26)	OSF Saint Francis Inc	k	7,905,369	
(27)	Heartcare Midwest Ltd	k	511,093	
(28)	OSF Multispecialty Group-Eastern RegionLLC	k	12,599,906	
(29)	Cardiovascular Institute at OSF LLC	k	10,072,043	
(30)	Illinois Pathologist Services LLC	k	1,210,512	

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(31)	Illinois Specialty Physician Services at OSF	k	5,190,274	
(32)	OSF Perinatal Associates LLC	k	1,959,393	
(33)	OSF Multispecialty Group-Peoria LLC	k	2,409,114	
(34)	Illinois Neurological Institute - Physicians	k	7,717,338	
(35)	OSF Multispecialty Group-Western Region LLC	k	7,445,943	
(36)	OSF Children's Medical Group - Congenital Hea	k	134,384	
(37)	OSF Saint Francis Inc	i	76,114,067	
(38)	OSF Saint Francis Inc	o	1,666,522	
(39)	Heartcare Midwest Ltd	o	1,537,168	
(40)	OSF Multispecialty Group-Eastern Region LLC	o	19,245,419	
(41)	Cardiovascular Institute at OSF LLC	o	8,450,058	
(42)	Illinois Pathologist Services LLC	o	1,160,311	
(43)	Illinois Specialty Physician Services at OSF	o	3,193,879	
(44)	OSF Perinatal Associates LLC	o	1,593,716	
(45)	OSF Multispecialty Group-Peoria LLC	o	2,294,217	
(46)	Illinois Neurological Institute - Physicians	o	5,685,493	
(47)	OSF Multispecialty Group-Western Region LLC	o	8,215,121	
(48)	OSF Children's Medical Group - Congenital Hea	o	88,330	
(49)	Eastland Medical Plaza Surgicenter LLC	r	4,034,793	
(50)	Sleep Center of Central Illinois LLC	r	250,458	
(51)	Fort Jesse Imaging Center LLC	r	305,122	
(52)	Center for Health Ambulatory Surgery Center	r	3,374,000	
(53)	State and Roxbury LLC	r	112,200	
(54)	OSF Multispecialty Group-Peoria LLC	r	2,913,000	
(55)	Illinois Neurological Institute - Physicians	r	9,930,000	
(56)	Cardiovascular Institute at OSF LLC	r	2,512,128	
(57)	OSF Multispecialty Group-Eastern Region LLC	r	1,110,000	
(58)	Illinois Specialty Physician Services at OSF	r	5,496,000	
(59)	OSF Perinatal Associates LLC	r	1,976,000	
(60)	Illinois Pathologist Services LLC	r	2,457,000	

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(61)	OSF Multispecialty Group-Western Region LLC	r	8,000,000	
(62)	OSF Saint Francis Inc	r	102,159,636	

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Financial Statements
and Supplementary Information

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Independent Auditors' Report

OSF Healthcare System
Peoria, Illinois

We have audited the accompanying consolidated balance sheets of OSF Healthcare System and Subsidiaries (OSF) as of September 30, 2011 and 2010, and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of OSF's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OSF Healthcare System and Subsidiaries as of September 30, 2011 and 2010, and the consolidated results of their operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2011 consolidating information in schedules 1 through 8 is presented for purposes of additional analysis of the 2011 consolidated financial statements rather than to present the financial position and results of operations of the individual facilities. Such information has been subjected to the auditing procedures applied in the audit of the 2011 basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 basic consolidated financial statements taken as a whole.

KPMG LLP

February 8, 2012

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2011 and 2010

(In thousands)

Assets	2011	2010
Current		
Cash and cash equivalents	\$ 131,751	116,150
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately \$133,862 in 2011 and \$102,384 in 2010	351,210	284,324
Other	66,583	52,957
Total current assets	549,544	453,431
Investments	627,987	616,874
Assets limited as to use	199,461	224,898
Property and equipment, net	893,970	919,791
Restricted assets	59,536	51,382
Other assets	52,254	47,127
Total assets	\$ 2,382,752	2,313,503
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 17,284	22,475
Long-term debt subject to short-term remarketing arrangements	14,200	49,938
Accounts payable and accrued expenses	176,249	153,663
Estimated third-party payor settlements	74,453	63,826
Total current liabilities	282,186	289,902
Long-term debt, net of current portion	853,089	826,957
Accrued benefit liability	304,218	308,561
Estimated self-insurance liabilities	124,840	111,735
Other liabilities	64,416	49,786
Total liabilities	1,628,749	1,586,941
Net assets		
Unrestricted		
Unrestricted net assets of OSF	692,463	672,775
Noncontrolling interests in subsidiaries	2,004	2,405
Total unrestricted net assets	694,467	675,180
Temporarily restricted	47,705	41,726
Permanently restricted	11,831	9,656
Total net assets	754,003	726,562
Total liabilities and net assets	\$ 2,382,752	2,313,503

See accompanying notes to consolidated financial statements

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Operations and Change in Unrestricted Net Assets

Years ended September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted revenue, gains, and other support		
Net patient and resident service revenue	\$ 1,787,360	1,632,595
Contributions	5,301	6,795
Other	76,627	61,002
Net assets released from restrictions used for operations	1,998	1,185
Total unrestricted revenue, gains, and other support	<u>1,871,286</u>	<u>1,701,577</u>
Expenses		
Salaries and benefits	947,802	898,568
Sisters' evaluated services	1,343	1,318
Supplies and other expenses	651,037	622,185
Provision for uncollectible accounts	91,815	86,121
Depreciation and amortization	90,548	85,281
Impairment loss	17,575	—
Interest	45,237	33,535
Total expenses	<u>1,845,357</u>	<u>1,727,008</u>
Income (loss) before income tax expense	25,929	(25,431)
Income tax benefit	(126)	(2,143)
Income (loss) from operations	<u>26,055</u>	<u>(23,288)</u>
Nonoperating gains (losses)		
Investment income, net of tax of \$2 and \$3 for 2011 and 2010, respectively	32,115	28,227
Change in fair value of investments	(27,178)	16,775
Loss on early extinguishment of debt	—	(1,288)
Change in fair value of derivative instruments	(13,520)	(19,246)
Total nonoperating (losses) gains	<u>(8,583)</u>	<u>24,468</u>
Net income	17,472	1,180
Other changes in unrestricted net assets		
Net assets released from restrictions used for the purchase of property and equipment	1,171	6,197
Recognition of change in pension funded status	3,346	5,476
Net distributions received by noncontrolling shareholders	(2,702)	(2,745)
Change in unrestricted net assets	<u>\$ 19,287</u>	<u>10,108</u>

See accompanying notes to consolidated financial statements

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Net income	\$ 17,472	1,180
Other changes in unrestricted net assets		
Net assets released from restrictions used for the purchase of property and equipment	1,171	6,197
Recognition of change in pension funded status	3,346	5,476
Net distributions received by noncontrolling shareholders	(2,702)	(2,745)
Change in unrestricted net assets	<u>19,287</u>	<u>10,108</u>
Temporarily restricted net assets		
Contributions	9,456	37,201
Investment (loss) income	(310)	676
Net assets released from restrictions	(3,169)	(7,382)
Reclassification of net assets based on donor intent	2	(1,267)
Change in temporarily restricted net assets	<u>5,979</u>	<u>29,228</u>
Permanently restricted net assets		
Contributions	2,177	104
Reclassification of net assets based on donor intent	(2)	1,267
Change in permanently restricted net assets	<u>2,175</u>	<u>1,371</u>
Change in net assets	27,441	40,707
Net assets, beginning of year	<u>726,562</u>	<u>685,855</u>
Net assets, end of year	<u>\$ 754,003</u>	<u>726,562</u>

See accompanying notes to consolidated financial statements

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years ended September 30, 2011 and 2010
(In thousands)

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 27,441	40,707
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Income from equity basis investments and gain on sale	(8,526)	(6,347)
Distributions from equity basis investments	5,910	5,577
Loss on early extinguishment of debt	—	1,288
Amortization of bond issue costs and premiums/discounts included in interest expense	465	214
Change in fair value of derivative instruments	13,520	19,246
Change in fair value of trading securities	28,603	(22,036)
Net realized gains on investments	(12,090)	(8,709)
Net distributions received by noncontrolling shareholders	2,702	2,745
Depreciation and amortization	90,548	85,281
Impairment of property and equipment	17,575	—
Permanently restricted contributions and investment income	(2,177)	(104)
Provision for uncollectible accounts	91,815	86,121
Recognition of change in pension funded status	(3,346)	(5,476)
Changes in assets and liabilities		
Patients' and residents' accounts receivable	(158,701)	(130,325)
Other current assets	(13,626)	1,040
Other assets	(2,982)	(4,059)
Restricted assets	(8,154)	(30,599)
Other liabilities	113	(697)
Accounts payable and accrued expenses	22,586	1,394
Estimated third-party payor settlements	10,627	16,414
Estimated self-insurance liabilities	13,105	16,753
Net cash provided by operating activities	115,408	68,428
Cash flows from investing activities		
Acquisition of property and equipment	(82,244)	(184,251)
Net distributions received by noncontrolling shareholders	(2,702)	(2,745)
Asset/stock purchase of affiliates	(58)	(331)
Gross purchases of investments	(685,195)	(871,678)
Gross proceeds from the sale of investments	683,006	963,421
Net cash used in investing activities	(87,193)	(95,584)
Cash flows from financing activities		
Proceeds from permanently restricted contributions and investment income	2,177	104
Proceeds from issuance of long-term debt, including premium	5,973	163,032
Redemption of long-term debt	—	(158,265)
Payment of bond issue costs and original issue discount	—	(6,406)
Repayment of long-term debt	(20,764)	(12,814)
Net cash used in financing activities	(12,614)	(14,349)
Net change in cash and cash equivalents	15,601	(41,505)
Cash and cash equivalents		
Beginning of year	116,150	157,655
End of year	\$ 131,751	116,150
Supplemental disclosures of cash flow information		
Cash paid for interest, net of amounts capitalized	\$ 46,296	31,933
Cash paid for income taxes	398	153

See accompanying notes to consolidated financial statements

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(1) Organization

OSF Healthcare System (OSF) is an Illinois not-for-profit corporation incorporated in 1880 as The Sisters of the Third Order of St. Francis. OSF's current name was adopted as part of a corporate restructuring in 1989 at which time a new Illinois not-for-profit corporation known as The Sisters of the Third Order of St. Francis (Parent) was incorporated by a religious congregation of the Roman Catholic Church having the same name. The Parent is the sole member of OSF. OSF currently owns and operates seven hospitals, one nursing home, and other healthcare-related entities. OSF operates its healthcare facilities as a single corporation, with each healthcare facility functioning as an operating division of OSF. OSF consists of the following healthcare providers (Providers):

- OSF St. Francis Hospital, Escanaba, Michigan
- OSF Saint Anthony Medical Center, Rockford, Illinois (SAMC)
- OSF Saint James-John W. Albrecht Medical Center, Pontiac, Illinois (SJJAMC)
- OSF St. Joseph Medical Center, Bloomington, Illinois (SJMC)
- OSF Saint Francis Medical Center, Peoria, Illinois (SFMC)
- OSF St. Mary Medical Center, Galesburg, Illinois
- OSF Holy Family Medical Center, Monmouth, Illinois (HFMC)
- OSF Saint Clare Home, Peoria Heights, Illinois
- OSF Home Care, Peoria, Illinois

In addition to the Providers, the consolidated financial statements include activities of the OSF Corporate Office and OSF's subsidiaries: OSF Saint Francis, Inc. and Subsidiaries (SFI), OSF Lifeline Ambulance, LLC, and 11 wholly owned physician group subsidiaries.

SFI is an Illinois for-profit corporation incorporated in 1986 and is engaged in the following lines of business: medical practice management, retail pharmacies, mobile medical systems, durable medical equipment, home therapeutics, real estate rental, and equipment technology services. SFI also participates in various health-related joint ventures and is the sole corporate member of OSF Aviation, Inc., OSF Design Group, Inc., OSF Assurance Company, and OSF Finance Company LLC (OSFFC). OSF Aviation, Inc. is an Illinois limited liability corporation formed on January 28, 2002 for the purpose of acquiring and operating emergency medical equipped helicopters in support of the trauma services programs of SFMC and SAMC. OSF Design Group, Inc. is an Illinois limited liability corporation formed on October 1, 2004 to provide professional architectural services as a registered professional design firm to OSF and its subsidiaries. OSF Assurance Company is a Vermont general corporation incorporated on December 8, 2004 and organized for the purpose of writing insurance and reinsurance as a captive insurance company. OSFFC, an Illinois limited liability company, was organized in November 2007 to be a nominal issuer of taxable corporate notes or other debt instruments used to finance certain capital expenditures that would not be eligible for tax-exempt financing. OSF is not a borrower, obligor, or guarantor of any indebtedness issued by OSFFC.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

OSF Lifeline Ambulance, LLC is an Illinois limited liability corporation that commenced operations on October 1, 2003, as a subsidiary of SFI, to provide emergency ground transportation services. SFI contributed all of its ownership interest of OSF Lifeline Ambulance, LLC to OSF effective January 1, 2009.

OSF has 11 wholly owned physician group subsidiaries, which have been formed or acquired to provide physician services and function as physician groups and include the following:

OSF Multispecialty Group – Peoria, LLC was organized on June 11, 2008 and commenced operations on July 1, 2008 to provide pediatric care for cardiovascular illnesses in central Illinois.

Illinois Neurological Institute – Physicians, LLC (INI) was organized on July 23, 2008 and commenced operations on September 22, 2008. INI provides a full spectrum of adult and pediatric care for illnesses affecting the brain, spinal cord, and peripheral nerves.

HeartCare Midwest, Ltd (HCM) was acquired by OSF in a stock purchase transaction on September 1, 2008. HCM is a physician group of cardiovascular specialists serving central and northern Illinois.

Cardiovascular Institute at OSF, LLC was organized on January 13, 2009 and commenced operations on April 17, 2009. Cardiovascular Institute at OSF, LLC is a physician group of cardiovascular specialists serving northern Illinois.

OSF Multispecialty Group – Eastern Region, LLC was organized on May 28, 2009 and commenced operations on September 14, 2009. OSF Multispecialty Group – Eastern Region, LLC is a multispecialty clinic serving eastern Illinois, offering services in a wide variety of general and specialty medical categories.

Illinois Pathologist Services, LLC was organized on July 9, 2009 and commenced operation on July 19, 2009 to provide pathology services in northern Illinois.

Illinois Specialty Physician Services at OSF, LLC was organized on August 4, 2009 and commenced operations on November 1, 2009 to provide pulmonary, critical care, and sleep medicine in central Illinois.

OSF Perinatal Associates, LLC was organized on October 21, 2009 and commenced operations on December 13, 2009 to provide perinatology services in central Illinois.

OSF Multispecialty Group – Western Region, LLC was organized on June 8, 2010 and commenced operations on November 1, 2010. OSF Multispecialty Group – Western Region, LLC is a multispecialty clinic serving western Illinois, offering services in a wide variety of general and specialty medical categories.

OSF Children's Medical Group – Congenital Heart Center, LLC was organized on April 28, 2011 and commenced operations on July 24, 2011 to provide pediatric care for cardiovascular illnesses in northern Illinois.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

Preferred Emergency Physicians of Illinois, LLC was organized on August 4, 2011 and commenced operation on September 1, 2011 to provide physician coverage for emergency departments

OSF owns 50% or more and has management control in the following consolidated joint venture entities

State and Roxbury, LLC (SAR) was formed in 2009 to establish and operate a real estate management organization in Rockford, Illinois. SAMC has a 51.00% controlling interest in SAR as of September 30, 2011 and 2010.

The Center For Health Ambulatory Surgery Center, LLC (ASC) was formed in 2007 to establish and operate a multispecialty ambulatory surgical center in Peoria, Illinois. SFMC has a 60.25% controlling interest in ASC as of September 30, 2011 and 2010.

Fort Jesse Imaging Center, LLC (FJIC) was formed in 2002 to establish and operate a medical imaging center in Bloomington, Illinois. SJMC has a 50.01% controlling interest in FJIC as of September 30, 2011 and 2010.

Sleep Center of Central Illinois, LLC (SCCI) was formed in 2002 to establish and operate a sleep disorder diagnostic center in Bloomington, Illinois. SJMC has a 50.05% controlling interest in SCCI as of September 30, 2011 and 2010.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

The following represents a reconciliation of beginning and ending balances of OSF's interest and the noncontrolling interests for each class of net assets for which a noncontrolling interest exists during the years ended September 30, 2011 and 2010

	Unrestricted net assets		
	Total	Controlling interest	Noncontrolling interest
Balance at October 1, 2009	\$ 665.072	662.820	2.252
Net income (loss)	1.180	(1.718)	2.898
Net assets released from restrictions used for the purchase of property and equipment	6.197	6.197	—
Recognition of change in pension funded status	5.476	5.476	—
Net distributions received by noncontrolling shareholders	(2.745)	—	(2.745)
Balance at September 30, 2010	675.180	672.775	2.405
Net income	17.472	15.171	2.301
Net assets released from restrictions used for the purchase of property and equipment	1.171	1.171	—
Recognition of change in pension funded status	3.346	3.346	—
Net distributions received by noncontrolling shareholders	(2.702)	—	(2.702)
Balance at September 30, 2011	\$ 694.467	692.463	2.004

In October 2010, OSF adopted the new guidance surrounding noncontrolling interest. Noncontrolling interests (previously referred to as minority interests) are reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. The consolidated financial statements presented include reclassifications to previously reported amounts to conform to the new presentation requirements.

The accompanying consolidated financial statements do not include the accounts of the Parent and OSF Healthcare Foundation (the Foundation). The Foundation is an Illinois not-for-profit corporation, created to promote, encourage, and solicit, as well as receive and accept, funds in support of the purposes and functions of OSF and the Parent by establishing a council at each of OSF's Provider locations. It is the responsibility of the Foundation staff to develop and implement sound, practical, fund-raising strategies and tactics, the ultimate goal of which is to produce philanthropic support for the various OSF facilities. All funds collected and pledges received are done on behalf of the various OSF facilities and, therefore, shown as due to affiliates by the Foundation. OSF recognizes its net interest in the net assets of the Foundation based on contributions and pledges received by the Foundation on its behalf. The Foundation is

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

a controlled subsidiary of the Parent and, therefore, is not required to be consolidated in the accompanying consolidated financial statements

Summarized financial information of the Foundation for the years ended September 30, 2011 and 2010 is as follows

	<u>2011</u>	<u>2010</u>
Assets	\$ 70,870	57,184
Accounts payable and due to affiliates	8,679	2,162
Unrestricted net assets	33,671	34,622
Temporarily restricted net assets	21,835	15,890
Permanently restricted net assets	6,685	4,510
Cash transfers to OSF during the year	7,490	6,881

The amount due from the Foundation recognized at September 30, 2011 and 2010 consists of \$2,196 and \$3,938, respectively, in other current assets, \$26,113 and \$23,652, respectively, in investments, \$33,902 and \$20,400, respectively, in restricted assets, and \$7,224 and \$8,216, respectively, in other assets in the accompanying consolidated balance sheets

Expenses included in the accompanying consolidated financial statements relate primarily to the provision of healthcare services and general and administrative costs

(2) Summary of Significant Accounting Policies

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

In January 2010, the FASB issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions* (ASU 2010-07). ASU 2010-07 provides guidance on a transaction or other event in which a not-for-profit entity that is a reporting entity combines with one or more other not-for-profit, business or nonprofit activities in a transaction that meets the definition of a merger of not-for-profit entities or an acquisition by a not-for-profit entity. In addition, the ASU provides transitional guidance on existing goodwill at the time this ASU is adopted. OSF adopted ASU 2010-07 effective October 1, 2010.

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24). ASU 2010-24 clarifies that healthcare entities should not net insurance recoveries against the related claim liability and that the claim liability amount should be determined without consideration of insurance recoveries. The adoption of ASU 2010-24 will be effective for OSF beginning in fiscal year 2012.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). ASU 2011-07 requires that entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay must present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. All other entities would continue to present the provision for bad debts as an operating expense. In addition, there are enhanced disclosures about the entities' policies for recognizing revenue and assessing bad debts. The ASU also requires disclosures of patient service revenue as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The adoption of ASU 2011-07 will be effective for OSF beginning in fiscal year 2013 with early adoption permitted.

(a) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, allowances for doubtful accounts, the valuation of derivative instruments, deferred tax assets, carrying value of fixed assets, fair value of investments, and reserves for employee benefit and self-insurance liabilities.

(b) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less when purchased, except amounts shown as assets limited as to use, investments (including amounts held at the Foundation), and restricted assets.

(c) Investments and Investment Income

Investments in equity securities with readily determinable fair values, and all investments in debt securities are measured at fair value in the consolidated balance sheets except for the guaranteed investment contract, which is carried at contract value as interest on the principal balance accrues at the guaranteed interest rate and is paid to OSF in arrears on each May 15th and November 15th.

Investment income on funds held in trust for self-insurance purposes is included in other revenue. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as nonoperating gains or losses in the accompanying consolidated statements of operations, unless the income or loss is restricted by donor or law. Changes in net unrealized gains and losses on investments are excluded from net income unless the investments are trading securities. Management considers all investments to be trading securities.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(d) *Assets Limited as to Use*

Assets limited as to use include amounts held by the bond trustee for payment of principal, interest, and acquisition and construction of equipment and facilities as defined in the loan agreement along with designated assets set aside for self-insurance of medical malpractice, unemployment compensation, workers' compensation, and health and dental insurance. It is OSF's policy to classify all amounts held by a trustee as long-term.

(e) *Other Assets – Joint Ventures*

OSF and certain subsidiaries have investments in organizations that are not majority owned or controlled by OSF organizations. OSF and its subsidiaries account for their investments in these organizations using the equity method of accounting. The equity method of accounting is discontinued when investment is reduced to zero unless OSF or its subsidiary has guaranteed the obligations of the organization or is committed to provide additional capital support.

Investments in organizations using the equity method of accounting are reflected as a component of other assets in the accompanying consolidated balance sheets.

(f) *Property and Equipment*

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed primarily using the straight-line method. Included in property and equipment are leasehold improvements that are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the improvement. Net interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Interest costs are not capitalized if the capital assets are acquired using donor-restricted funds.

Gifts of long-lived assets such as land, building, or equipment are reported at fair market value at the time of the donation, and are excluded from the excess of unrestricted revenues, gains, and other support and nonoperating gains, net over expenses. Gifts of long-lived assets and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(g) *Long-Lived Assets*

Long-lived assets (including property and equipment) are periodically assessed for recoverability based on the occurrence of a significant adverse event or change in the environment in which OSF operates or if the expected future cash flows (undiscounted and without interest) would become less than the carrying amount of the asset. An impairment loss would be recorded in the period such determination is made based on the fair value of the related entity. No impairments were recorded for the year ended September 30, 2010. During 2011, OSF determined that the value of certain information technology property and equipment had been impaired by \$17,575. This loss is reflected as an impairment loss in the accompanying 2011 consolidated statement of operations.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(h) *Goodwill*

The excess of the purchase price over net assets acquired relates to the acquisition of HFMC and through September 30, 2010, was being amortized on the straight-line basis for a period of 20 years. The excess is reported in the consolidated balance sheets, net of accumulated amortization of \$1.392.

OSF implemented ASC 958-805, *Not-For-Profit Entities: Business Combinations*, as of October 1, 2010, that discontinues the amortization of goodwill.

Under ASC 958-805, goodwill is to be reviewed for impairment at least annually. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. No impairments were recorded for the year ended September 30, 2011.

(i) *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use has been limited by the donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by OSF in perpetuity.

Resources restricted by donors for replacement and expansion of property and equipment are added to unrestricted net assets to the extent expended within the period.

Resources restricted by donors or grantors for specific operating purposes are reported in unrestricted revenues, gains, and other support to the extent used within the period.

OSF 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 direction of the applicable donor gift instrument. Investment returns in excess of spending are classified as increases in temporarily restricted net assets until appropriated for expenditure by OSF.

The Foundation has established an investment policy that is reviewed annually by the Foundation Board of Directors. The policy directs at the discretion of the local facility Foundation Council that funds may be invested and supervised locally or pooled with other the Foundation funds.

Currently, the investment of endowment funds are invested and supervised by each local Foundation Council following the guidelines established by the Foundation investment policy.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(j) *Net Income (Loss)*

The consolidated statements of operations include net income. Changes in unrestricted net assets, which are excluded from net income, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that were used for the purpose of acquiring such assets by donor restriction), recognition of change in pension funded status, and net distributions received by noncontrolling shareholders.

(k) *Net Patient and Resident Service Revenue*

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

(l) *Charity Care*

OSF provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because OSF does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

(m) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to OSF 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 gift is received. The gifts are reported as either temporarily or permanently restricted support if they are pledges or are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

Pledges receivable included as restricted assets at September 30, 2011 are expected to be collected according to the following schedule

	<u>Amount</u>
2012	\$ 5,491
2013	5,491
2014	5,491
2015	491
2016	491
Thereafter	<u>2,455</u>
Pledges receivable	<u>\$ 19,910</u>

(n) *Estimated Self-Insurance Liabilities*

The provisions for estimated self-insured medical malpractice, workers' compensation, health and dental, and unemployment claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported

(o) *Services Provided by the Religious Community*

Services provided by the individuals in the religious community are recorded as expense at lay-equivalent values

(p) *Derivative Instruments*

OSF accounts for derivatives and hedging activities in accordance with ASC Subtopic 815-10, *Accounting for Derivative Instruments and Hedging Activities*, as amended, which requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair values. OSF is involved in various interest rate swap programs. The fair values of the interest rate swap programs are included as a component of the other liabilities in the accompanying consolidated balance sheets. The derivatives are not designated as hedge instruments and, therefore, the change in fair value of the interest rate swap is recorded as a component of nonoperating gains (losses) – change in fair value of derivative instruments in the period of change.

SFI is involved in interest rate swap programs. The fair values of the interest rate swap programs are included as a component of the other liabilities in the accompanying consolidated balance sheets. For SFI, the derivatives are not designated as hedge instruments and, therefore, the change in fair value of the interest rate swap is recorded as a component of nonoperating gains (losses) – change in fair value of derivative instruments in the period of change.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(q) *Income Taxes*

OSF is a not-for-profit corporation as described by Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(c)(3) of the Code

SFI and subsidiaries are for-profit corporations that recognize income taxes under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

OSF and SFI adopted ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*. The interpretation addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, OSF and SFI must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures. As of September 30, 2011 and 2010, OSF and SFI do not have any uncertain tax positions.

(r) *Fair Value*

OSF adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

OSF adopted the provisions of ASC 825-10, *Financial Instruments*, which gives OSF the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. OSF's management did not elect to measure any additional eligible financial assets or financial liabilities at fair value, and as a result, adoption of this statement did not have an effect on the results of operations or financial position of OSF.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

In conjunction with the adoption of ASC Topic 820, OSF adopted the measurement provisions of ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU No. 2009-12), to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. This guidance amends ASC Topic 820 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU No. 2010-06). ASU No. 2010-06 amends ASC Subtopic 820-10, *Fair Value Measurement and Disclosure*, to provide additional disclosure requirements for transfers in and out of Levels 1 and 2 and for activity in Level 3 and to clarify certain other existing disclosure requirements. OSF implemented ASU No. 2010-06 for the year ending September 30, 2011, except for the separate disclosures about Level 3 activities that will be effective for the year ending September 30, 2012.

(s) *Reclassifications*

Certain 2010 amounts have been reclassified to conform to the 2011 consolidated financial statement presentation including a reclassification of realized gains on investments, net in the consolidated statement of cash flows that decreases operating activities and increases investing activities by \$8,709, and a reclassification of noncontrolling interests in subsidiaries (previously referred to as minority interests) from other liabilities to a component of unrestricted net assets in the amount of \$2,405.

(3) **Net Patient and Resident Service Revenue**

OSF has agreements with third-party payors that provide for payment at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

(a) *Medicare*

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and certain outpatient services are paid based upon a cost-reimbursement method, established fee schedules, or a combination thereof. OSF is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by OSF and audits by the Medicare fiscal intermediary. Certain outpatient services are reimbursed at a prospectively determined rate per service based upon their ambulatory payment classification. As of September 30, 2011, Medicare cost reports have been audited and final-settled through September 30, 2006 for all Providers with the exceptions of HFMC that is final settled through September 30, 2009 and SJJAMC that has final settled the September 30, 2008 report, but not the September 30, 2007 report.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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(In thousands)

(b) Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed upon per-visit rates. Medicaid payment methodologies and rates for services are based on the amount of funding available to the State of Illinois Medicaid program.

OSF participates in the State of Illinois (the State) assessment program that assists in the financing of its Medicaid program. The State assessment program has been renewed by the State since its inception in 2004 and was renewed again on December 4, 2008 for the State's fiscal years ended June 30, 2009 through June 30, 2013. Pursuant to this program, hospitals within the State are required to remit payment to the State Medicaid Program under an assessment formula approved by the Centers for Medicare and Medicaid Services (CMS).

As of and for the years ended September 30, 2011 and 2010, OSF has included its related assessment of \$32,339, within other expense in the accompanying consolidated statements of operations. All of the assessment was paid as of September 30, 2011 and 2010. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas, also approved by CMS. OSF has included its additional related reimbursements for the years ended September 30, 2011 and 2010 of \$51,256, within net patient service revenue in the accompanying consolidated statements of operations. The net effect of the assessment and reimbursement for the years ended September 30, 2011 and 2010 included in the accompanying consolidated statements of operations is \$18,917.

(c) Other

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

Net patient and resident service revenue for the years ended September 30, 2011 and 2010 includes approximately \$8,996 and \$3,380, respectively, of net favorable retroactively determined settlements from third-party payors relating to prior years exclusive of the amounts related to the aforementioned Medicaid program.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(4) Concentration of Credit Risk

OSF grants credit without collateral to its patients and residents, most of whom are local residents and are insured under third-party payor arrangements. The mix of receivables from patients, residents, and third-party payors at September 30, 2011 and 2010 was as follows:

	2011	2010
Medicare	23%	26%
Medicaid	25	21
Blue cross	9	9
Other third-party payors	27	29
Patients	16	15
	100%	100%

(5) Charity Care

OSF affirms and maintains its commitment to serve its communities in a manner consistent with the philosophy of OSF and the Parent. The philosophy is that adequate access to healthcare is a basic human right for all. OSF is committed to the promotion, preservation, protection, and restoration of wellness, whenever possible. OSF's services are provided to all persons with compassion and regardless of a patient's financial resources. To support this statement, the costs (determined using an estimated current year Medicare cost-to-charge ratio) forgone for services and supplies furnished under OSF's charity assistance policy aggregated approximately \$51,534 and \$46,529 in 2011 and 2010, respectively. Not included in these amounts are benefits provided to the poor through the unpaid cost of Medicaid and other public programs. Additional other benefits provided are for the broader community that represents the unpaid cost of health education, research, and other community health services responding to a special need in the communities that OSF serves.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(6) Investments

(a) Investments

The composition of investments, at fair value, at September 30, 2011 and 2010 is set forth in the following table

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 8,006	7,740
Equities	102,164	132,667
U S Treasury obligations	49,162	51,802
U S government agencies	3,725	8,021
Municipal securities	10,459	11,294
Corporate obligations	84,794	116,009
Mutual funds	268,518	206,121
Commingled funds	34,948	34,510
Foreign securities	66,127	48,642
Land trust	84	68
	<u>\$ 627,987</u>	<u>616,874</u>

(b) Restricted Assets

The composition of restricted assets, at fair value, at September 30, 2011 and 2010 is set forth in the following table

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 617	543
Equities	2,423	2,319
U S government agencies	113	360
Corporate obligations	326	635
Mutual funds	1,573	1,508
Foreign securities	672	524
Pledges receivable and other	19,910	25,093
Due from Foundation	33,902	20,400
	<u>\$ 59,536</u>	<u>51,382</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(c) *Assets Limited as to Use*

The composition of assets limited as to use, at fair value, with the exception of the guaranteed investment contract, which is at contract value, at September 30, 2011 and 2010 is set forth in the following table

	<u>2011</u>	<u>2010</u>
Held by trustee under indenture agreement		
Cash and cash equivalents	\$ 5,395	41,472
U S Treasury obligations	3,238	5,461
U S government agencies	20,518	20,992
Municipal securities	920	845
Corporate obligations	27,506	18,858
Guaranteed investment contract	9,260	9,260
Mutual funds	125	373
Foreign securities	119	452
Commingled funds	1,331	2,607
	<u>68,412</u>	<u>100,320</u>
Board-designated for self-insurance		
Cash and cash equivalents	37,979	35,189
U S Treasury obligations	27,143	31,179
U S government agencies	14,562	8,752
Corporate obligations	45,702	43,500
Mutual funds	1,290	1,443
Foreign securities	4,373	4,515
	<u>131,049</u>	<u>124,578</u>
	<u>\$ 199,461</u>	<u>224,898</u>

The composition of OSF's investment return for the years ended September 30, 2011 and 2010 is as follows

	<u>2011</u>	<u>2010</u>
Investment return		
Interest and dividend income	\$ 23,456	23,560
Net realized gains	12,090	8,709
Change in net unrealized gains and losses on trading securities	(28,603)	22,036
Total investment return	<u>\$ 6,943</u>	<u>54,305</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

Investment returns included in the accompanying consolidated statements of operations and changes in net assets for the years ended September 30, 2011 and 2010 are as follows

	<u>2011</u>	<u>2010</u>
Unrestricted revenue, gains, and other support		
Other	\$ 2,314	8,438
Nonoperating gains (losses)		
Investment income	32,117	28,230
Change in fair value of investments	(27,178)	16,775
Other changes in unrestricted net assets		
Temporarily restricted net assets		
Investment (loss) income	(310)	676
Interest income capitalized	—	186
Total investment return	<u>\$ 6,943</u>	<u>54,305</u>

(7) Property and Equipment

A summary of property and equipment at September 30 is as follows

	<u>2011</u>	<u>2010</u>
Land	\$ 26,465	25,595
Land improvements	22,345	22,175
Buildings	1,041,112	1,001,018
Equipment	854,548	850,282
	1,944,470	1,899,070
Less accumulated depreciation	<u>1,068,010</u>	<u>1,003,470</u>
	876,460	895,600
Construction in progress	<u>17,510</u>	<u>24,191</u>
Property and equipment, net	<u>\$ 893,970</u>	<u>919,791</u>

Construction budgets of approximately \$105,903 exist for construction and remodeling at various OSF facilities. At September 30, 2011, the remaining contractual commitment on these budgets approximated \$8,103 and will be financed by operations and existing funds. OSF capitalized interest, net of interest income on project funds in the amount of \$6,148 for the year ended September 30, 2010.

(8) Other Assets

Included in other assets at September 30 are the following

- Bond financing costs, net of accumulated amortization of \$7,327 in 2011 and \$7,794 in 2010

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

- Escrow deposits of \$4,726 in 2011 and \$3,553 in 2010 for the self-insured workers' compensation program
- Goodwill of \$6,632 at September 30, 2011 and 2010
- Pledges receivable of \$7,224 and \$8,216 at September 30, 2011 and 2010, respectively
- Other miscellaneous assets of \$14,515 and \$12,389 at September 30, 2011 and 2010, respectively
- The investments in affiliated companies accounted for using the equity method of accounting totaled \$11,830 and \$8,543 at September 30, 2011 and 2010, respectively. The most significant of these investments include
 - Eastland Medical Plaza SurgiCenter, LLC – 50.0% ownership interest
 - Community Cancer, LLC – 50.0% ownership interest
 - Bloomington-Normal Healthcare, LLC – 25.0% ownership interest
 - Renal Intervention Center, LLC – 34.0% ownership interest
 - River Plex Fitness Center, LLC – 50.0% ownership interest (in operating results only)
 - McLean Imaging Properties, LLC – 49.9% ownership interest
 - Rockford Orthopedic Surgery Center, LLC (ROSC) – 25.0% ownership interest

For the years ended September 30, 2011 and 2010, OSF recognized income of \$8,526, inclusive of a gain of \$2,613 on the sale of OSF's interest in the Bloomington-Normal Healthcare, LLC investment, and \$6,347 in investments in affiliated companies, respectively, as a component of other revenue.

The following table summarizes the unaudited aggregated financial information of unconsolidated affiliated companies of OSF as of September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Total assets	\$ 35,629	27,159
Total liabilities	21,642	15,677
Total equity	<u>\$ 13,987</u>	<u>11,482</u>
Net revenues	\$ 37,020	39,741
Operating expenses	23,233	22,918
Net income	<u>\$ 13,787</u>	<u>16,823</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(9) Long-Term Debt

A summary of long-term debt at September 30, 2011 and 2010 follows

	<u>2011</u>	<u>2010</u>
Revenue Refunding Bonds (Illinois Finance Authority Bonds, Series 2010A), pay able in annual installments of varying amounts, commencing on May 15, 2011 at a fixed interest rate of 6.00%. The bonds mature on May 15, 2039	\$ 161,470	162,905
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009A), pay able in annual installments of varying amounts, commencing on November 15, 2010 at fixed interest rates between 5.000% and 7.125% depending on the date of maturity through November 15, 2037	124,270	124,990
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009B, Series 2009C, and Series 2009D), pay able in annual installments of varying amounts, commencing November 15, 2021 through November 15, 2037. Interest is determined weekly based on current market conditions (0.13%, 0.15% and 0.16%, respectively, as of September 30, 2011 and 0.25%, 0.28% and 0.28%, respectively, as of September 30, 2010)	125,000	125,000
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009E), pay able in semiannual installments of varying amounts, commencing May 15, 2010 through November 15, 2024. Initial interest is fixed at 4.98%, which will be reset every three years commencing on November 15, 2012	23,938	24,656
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009F), pay able in semiannual installments of varying amounts, commencing May 15, 2010 through November 15, 2019. Interest is fixed at 5.26%	22,486	24,184
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009G), pay able in annual installments of varying amounts, commencing August 1, 2010 through August 1, 2029. Interest is determined monthly based on the current market conditions (1.15% as of September 30, 2011 and 1.35% as of September 30, 2010)	19,000	19,500
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007A), pay able in annual installments of varying amounts, commencing on November 15, 2010 at interest rates between 4.50% and 5.75% depending on the date of maturity through November 15, 2037	117,970	119,100

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007E and Series 2007F) payable in annual installments of varying amounts commencing November 15, 2024 through November 15, 2037. Interest is determined weekly based on current market conditions (0.18% and 0.21%, respectively, as of September 30, 2011 and 0.30% and 0.28%, respectively, as of September 30, 2010)	\$ 140,000	140,000
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007G) payable in annual installments of varying amounts commencing November 15, 2010 through November 15, 2024. Interest is determined daily based on current market conditions (0.18% and 0.30% as of September 30, 2011 and 2010, respectively)	15,945	20,235
Revenue Bonds (Pooled Financing Program, Series 1985F) payable in monthly installments of \$0.75, commencing on June 15, 2008, and a final monthly installment of \$1.327 due on December 15, 2012, plus varying interest payable monthly. Interest is determined monthly based on current market conditions (0.15% at September 30, 2011 and 0.27% at September 30, 2010)	2,377	3,277
Revenue Bonds (Illinois Finance Authority Bonds, Series 2004) payable in annual installments of varying amounts at interest rates between 5.00% and 5.25% depending on the date of maturity through November 15, 2023	64,250	68,790
Commercial Paper Revenue Notes (Illinois Educational Facilities Authority, Pooled Financing Program) payable in annual installments of varying amounts commencing on November 15, 2009 through November 15, 2038. Interest rate varies monthly based on current market conditions (effective rates 0.17% as of September 30, 2011 and 0.30% as of September 30, 2010)	14,200	16,000
Revenue Bonds (OSF Finance Company, LLC, Adjustable Rate Taxable Securities, Series 2007A) payable in annual installments of varying amounts commencing on December 1, 2009 through December 1, 2037. Interest rate varies weekly based on current market conditions (0.22% as of September 30, 2011 and 0.30% at September 30, 2010)	25,770	25,920

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Mortgage note payable to Busey Bank, secured by an office building. At September 30, 2011, the note bears an interest rate of 4.32% payable monthly. At September 30, 2010, the note bears an interest rate of 6.40% payable monthly. Principal and interest of \$16 is due monthly through July 2016 with a balloon payment of \$1,254 due August 26, 2016.	\$ 1,847	1,940
Mortgage note payable to Wells Fargo Bank, secured by a medical office building. The note bears an interest rate of 5.13% payable monthly. Principal and interest of \$7.5 is due monthly through November 2012 with a balloon payment of \$402 due November 30, 2012.	481	545
Mortgage note payable to JP Morgan Chase Bank, N.A., secured by a medical office building. The interest rate varies monthly based on current market conditions (1.97% and 2.01% as of September 30, 2011 and 2010, respectively). Principal payment of \$47 plus accrued interest is due monthly through February 28, 2013 with a balloon payment of \$6,119 due February 28, 2013.	6,865	7,366
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 4.27% payable monthly. Principal and interest of \$32 is payable monthly through June 30, 2015 with a balloon payment of \$3,142 due July 30, 2015.	4,011	4,220
Note payable to GE Capital, secured by helicopters. The note bears an interest rate of 5.63%. Principal and interest of \$86 is payable monthly through April 6, 2011.	—	505
Construction note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 4.27% payable monthly. Principal and interest of \$15 is payable monthly through June 30, 2015 with a balloon payment of \$1,484 due July 30, 2015.	1,896	1,995

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Note payable to GE Capital, secured by an aviation hangar The note bears an interest rate of 6.26%. Principal and interest of \$26 is payable monthly through April 1, 2012 with a balloon payment of \$1.774 due May 1, 2012	\$ 1.861	2.045
Mortgage note payable to Heartland Bank, secured by a medical office building. The note bears an interest rate of 5.60% payable monthly. Principal and interest of \$46 is payable monthly through September 2014 with a balloon payment of \$2.450 due September 30, 2014	3.570	3.910
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 3.69% payable monthly. Principal and interest payments of \$43 is payable monthly through October 1, 2015 with a balloon payment of \$4.347 due November 30, 2015	5.691	—
Other miscellaneous notes payable	4.689	5.295
	<u>887.587</u>	<u>902.378</u>
Plus original issue discount, net	<u>(3.014)</u>	<u>(3.008)</u>
Total debt	884.573	899.370
Less current installments	17.284	22.475
Less long-term debt subject to short-term remarketing agreements	<u>14.200</u>	<u>49.938</u>
Total long-term debt, excluding current installments	<u>\$ 853.089</u>	<u>826.957</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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(In thousands)

OSF's effective interest rates for variable rate debt for the years ended September 30, 2011 and 2010 are as follows

	<u>2011</u>	<u>2010</u>
Variable interest rate issues		
1985B	NA%	0.22%
2001	NA	0.22
2005C	NA	2.99
2007D	NA	0.98
2007E	0.27	0.27
2007F	0.25	0.25
2007G	0.17	0.20
2009B	0.20	0.22
2009C	0.21	0.24
2009D	0.22	0.25
2009G	1.30	1.37

OSF entered into an amended and restated Master Trust Indenture (MTI) dated September 15, 1999. The purpose of the MTI is to provide a mechanism for the efficient and economical advancement of funds to various operating divisions of OSF using the collective borrowing capacity and credit rating of OSF. OSF has pledged letters of credit as collateral on borrowings under the MTI. Under the terms of the MTI, OSF is also required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use. The MTI also places limits on the incurrence of additional borrowings and requires that OSF satisfy certain measures of financial performance as long as the notes are outstanding. As of September 30, 2011 and 2010, amounts outstanding under the MTI totaled \$830,906 and \$848,636, respectively.

Bond issue premiums and costs are amortized over the term of the related bonds using the bonds outstanding method. Bond issuance costs, net of amortization, are reported as other assets in the accompanying consolidated balance sheets.

In June 2010, OSF defeased Series 1985B, 2001, 2005C, and 2007D. The result of the defeasance was a loss on early extinguishment of debt of \$1.288.

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OSF has variable rate demand notes that have a put option available to the creditor. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying letter of credit or liquidity facility. The series and the underlying credit facility terms are described as follows:

Series	Term
1985F	No change to amortization
2007E	Annually over five years beginning 366 days after bank purchase date
2007F	Annually over five years beginning 366 days after bank purchase date
2007G	Quarterly over three years beginning on the final day of the first calendar quarter after 366 days elapsed since liquidity advance
2009B	Quarterly over three years beginning three months after 366 days elapsed since liquidity advance
2009C	Quarterly over three years beginning on the first day of the calendar quarter after 366 days elapsed since liquidity advance
2009D	Quarterly over two years beginning after 367 days elapsed since liquidity advance
2008 commercial paper	Quarterly in equal installments beginning the last day of the 1st quarterly date to occur at least 30 days after principal drawing, expiring on November 30, 2011 on which date OSF paid off the commercial paper using a bank line of credit

On June 29, 2010, the Illinois Finance Authority, on behalf of OSF, issued \$162.905 in Series 2010A bonds. Proceeds from these bonds were used to legally defease Pooled Financing Program Series 1985B, Illinois Variable Rate Revenue Bonds Series 2001, Illinois Finance Authority Series 2007D, and to reimburse OSF for a portion of the construction costs for the new data center.

On June 29, 2010, OSF legally defeased Michigan Finance Authority Bonds Series 2005C.

Scheduled principal repayments on long-term debt based on the scheduled redemptions according to the MTI are as follows:

Year ending September 30	
2012	\$ 17.284
2013	26.462
2014	17.181
2015	23.343
2016	24.712
Thereafter	778.605

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Principal repayments on long-term debt in the event that the variable rate demand bonds are put back to OSF and corresponding draws are made on the underlying letter-of-credit facilities on the first day of fiscal year 2011 are as follows

Year ending September 30	
2012	\$ 31.484
2013	105.611
2014	95.984
2015	85.717
2016	46.972
Thereafter	521.819

A summary of interest cost and investment income on borrowed funds held by the trustee under the MTI during the years ended September 30, 2011 and 2010 is as follows

	2011	2010
Interest cost – charged to operations	\$ 31.706	25.269
Interest cost capitalized	—	6.334
Interest income capitalized	—	186

(10) Derivative Instruments and Hedging Activities

OSF has interest-rate-related derivative instruments to manage its exposure on its variable-rate debt instruments and does not enter into derivative instruments for any purpose other than cash flow hedging purposes. That is, OSF does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, OSF exposes itself to credit risk, tax risk, and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes OSF, which creates credit risk for OSF. When the fair value of a derivative contract is negative, OSF owes the counterparty, and therefore, it does not pose a credit risk. OSF minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is at least "A" or "A2" by Standard and Poor's or Moody's, respectively.

Tax risk refers to the potential adverse effect that a change in tax law could have on the relationship between taxable (LIBOR) and tax-exempt (SIFMA) rates. OSF minimizes the tax risk in derivative instruments by maintaining sufficient cash reserves to handle potential tax law changes.

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 contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

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OSF is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements, however, this is not anticipated. During the years ended September 30, 2011 and 2010, neither OSF nor any counterparty to the interest rate swap agreements was required to post collateral.

A summary of outstanding positions under OSF's interest rate swap program at September 30, 2011 is as follows:

	Notional amount	Maturity date	Rate received	Rate paid
\$	110.000	September 4, 2029	72% of LIBOR + 0.35%	BMA Index
	110.000	September 4, 2029	72% of USD – ISDA – Swap rate + 0.072%	72% of LIBOR + 0.35%
	51.075	November 2, 2029	BMA Index	3.969%
	51.350	October 19, 2029	BMA Index	3.969%
	13.650	November 15, 2024	BMA Index	3.794%
	130.000	November 15, 2037	67% of USD – LIBOR-BBA	3.651%
	100.000	November 15, 2037	98.25% of USD – LIBOR-BBA	USD – SIFMA Municipal Swap Index

Net payments equal to the differential to be paid under all interest rate swap agreements are recognized within interest expense monthly and amounted to approximately \$7.528 and \$7.737 in 2011 and 2010, respectively.

The fair value of the swap agreements under ASC Subtopic 820-10 was \$(52.915) and \$(39.435) and is recorded as a component of other liabilities in the accompanying consolidated balance sheets at September 30, 2011 and 2010, respectively. For the years ended September 30, 2011 and 2010, OSF recognized a valuation adjustment of \$(13.480) and \$(18.576), respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments.

The following is a summary of the swaps as of September 30, 2011:

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed spread basis	\$ 110.000	(1.737)	(1.538)
CMS LIBOR	110.000	2.906	2.812
Floating-to-fixed	51.075	(9.776)	(9.102)
Floating-to-fixed	51.350	(9.879)	(9.135)
Floating-to-fixed	13.650	(1.924)	(1.793)
Floating-to-fixed	130.000	(40.575)	(35.523)
Basis swap	100.000	1.773	1.364
		<u>\$ (59.212)</u>	<u>(52.915)</u>

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The following is a summary of the swaps as of September 30, 2010

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed spread basis	\$ 115,000	(1,721)	(1,510)
CMS LIBOR	115,000	4,249	4,134
Floating-to-fixed	52,100	(8,042)	(7,629)
Floating-to-fixed	52,375	(7,994)	(7,656)
Floating-to-fixed	14,375	(1,777)	(1,678)
Floating-to-fixed	130,000	(31,776)	(29,229)
Basis swap	100,000	4,756	4,133
		<u>\$ (42,305)</u>	<u>(39,435)</u>

A summary of outstanding positions under SFI's interest rate swap program at September 30, 2011 is as follows

Notional amount	Maturity date	Rate received	Rate paid
\$ 13,000	December 1, 2017	USD – LIBOR-BBA	4 35%

Net payments equal to the differential to be paid under the interest rate swap program are recognized as a component of interest expense and amounted to approximately \$843 and \$911 in 2011 and 2010, respectively

As of September 30, 2011 and 2010, the fair market value of the SFI swap agreements was \$(2,194) and \$(2,154), respectively, and is recorded as a component of other liabilities in the accompanying consolidated balance sheets. For the years ended September 30, 2011 and 2010, SFI recognized a valuation adjustment of \$(40) and \$(670), respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments

The following is a summary of SFI's swaps as of September 30, 2011

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed rate payor	\$ 13,000	(2,194)	(2,194)
		<u>\$ (2,194)</u>	<u>(2,194)</u>

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The following is a summary of SFI's swaps as of September 30, 2010

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed rate payor	\$ 7,334	(115)	(115)
Fixed rate payor	13,000	(2,039)	(2,039)
		\$ (2,154)	(2,154)

(11) Investment Composition and Fair Value Measurements

(a) Overall Investment Objective

The overall investment objective of OSF is to invest its assets in a prudent manner that will achieve an expected rate of return, manage risk exposure, and focus on downside protection. OSF's invested assets will maintain sufficient liquidity to fund a portion of OSF's annual operating activities and structure the invested assets to maintain a high percentage of available liquidity. OSF diversifies their investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Investment Committee, which oversees the investment program in accordance with established guidelines.

(b) Allocation of Investment Strategies

OSF maintains a percent of assets in domestic and international stocks. To manage risk exposure, the majority of assets are invested in intermediate term fixed income funds and invested with short-term fixed income managers. Because of the inherent uncertainties for valuation of some holding, the estimated fair values may differ from values that would have been used had a ready market existed.

(c) Basis of Reporting

Assets whose use is limited or restricted are reported at estimated fair value. If an investment is held directly by OSF and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in common and preferred stock and fixed income are based on share prices reported by the funds as of the last business day of the fiscal year.

(d) Fair Value of Financial Instruments

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

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, other assets, accounts payable and accrued expenses, and estimated third-party payor settlements.

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- Fair values of OSF's investments held as investments, assets limited as to use, and restricted assets are estimated based on prices provided by its investment managers and its custodian bank except for commingled funds. The carrying value of pledges receivable approximates fair value. Fair value for cash and cash equivalents, equities, U S Treasury obligations, U S government agencies, municipal securities, corporate obligations, mutual funds, and foreign securities are measured using quoted market prices at the reporting date multiplied by the quantity held.
- As of September 30, 2011 and 2010, OSF has \$36,279 and \$37,117, respectively, of commingled funds. ASU 2009-12 creates a practical expedient allowing measurement of fair value based on the net asset value per share of the investment.
- Fair value of fixed rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to OSF for debt of the same remaining maturities. For variable rate debt, carrying amounts approximate fair value. Fair value was estimated using quoted market prices based upon OSF's current borrowing rates for similar types of long-term debt securities.
- Fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and OSF.

The following table presents the carrying amounts and estimated fair values of OSF's financial instruments not carried at fair value at September 30, 2011 and 2010:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	\$ 884,573	907,046	899,370	929,259

(e) *Fair Value Hierarchy*

OSF adopted ASC Subtopic 820-10 on October 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that OSF has the ability to access at the measurement date.

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- Level 2 are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 inputs are unobservable inputs for the asset or liability

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

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Cash and cash equivalents	\$ 131,751	127,998	3,753	—
Investments				
Cash and cash equivalents	8,006	7,705	301	—
Equities	102,164	102,164	—	—
U S Treasury obligations	49,162	49,162	—	—
U S government agencies	3,725	—	3,725	—
Municipal securities	10,459	—	3,309	7,150
Corporate obligations	84,794	—	72,512	12,282
Mutual funds	268,518	5,167	263,351	—
Foreign securities	66,127	31,072	35,055	—
Commingled funds	34,948	34,948	—	—
Land trust	84	—	—	84
Restricted assets – excluding amounts due from Foundation of \$33,902 and pledges receivable and other of \$19,910				
Cash and cash equivalents	617	617	—	—
Equities	2,423	2,423	—	—
U S government agencies	113	—	113	—
Corporate obligations	326	—	326	—
Mutual funds	1,573	1,057	516	—
Foreign securities	672	599	73	—

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	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets limited as to use – excluding amount of the guaranteed investment contract of \$9.260				
Cash and cash equivalents	\$ 43.374	43.374	—	—
U S Treasury obligations	30.381	30.381	—	—
U S government agencies	35.080	—	35.080	—
Municipal securities	920	—	920	—
Corporate obligations	73.208	—	71.450	1.758
Mutual funds	1.415	1.415	—	—
Foreign securities	4.492	119	4.373	—
Commingled funds	1.331	332	999	—
Total financial assets	<u>\$ 955.663</u>	<u>438.533</u>	<u>495.856</u>	<u>21.274</u>
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Fair value of swap agreements	\$ (55.109)	—	(55.109)	—
Total financial liabilities	<u>\$ (55.109)</u>	<u>—</u>	<u>(55.109)</u>	<u>—</u>

The following table summarizes the changes for the year ended September 30, 2011 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

<u>Level 3 assets</u>	<u>Beginning balance, October 1, 2010</u>	<u>Realized and unrealized gains (losses), net</u>	<u>Purchases, sales, settlements, and transfers, net</u>	<u>Ending balance, September 30, 2011</u>
Corporate obligations	\$ 14.602	50	(612)	14.040
Municipal securities	7.750	—	(600)	7.150
U S government agencies	201	(5)	(196)	—
Land trust	68	16	—	84
	<u>\$ 22.621</u>	<u>61</u>	<u>(1.408)</u>	<u>21.274</u>

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

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Cash and cash equivalents	\$ 116,150	108,574	7,576	—
Investments				
Cash and cash equivalents	7,740	7,451	289	—
Equities	132,667	132,667	—	—
U S Treasury obligations	51,802	51,802	—	—
U S government agencies	8,021	—	7,820	201
Municipal securities	11,294	—	3,544	7,750
Corporate obligations	116,009	—	103,165	12,844
Mutual funds	206,121	6,291	199,830	—
Foreign securities	48,642	22,723	25,919	—
Commingled funds	34,510	—	34,510	—
Land trust	68	—	—	68
Restricted assets – excluding amounts due from Foundation of \$20,400 and pledges receivable and other of \$25,093				
Cash and cash equivalents	543	444	99	—
Equities	2,319	2,319	—	—
U S government agencies	360	—	360	—
Corporate obligations	635	—	635	—
Mutual funds	1,508	880	628	—
Foreign securities	524	499	25	—
Assets limited as to use – excluding amount of the guaranteed investment contract of \$9,260				
Cash and cash equivalents	76,661	75,730	931	—
U S Treasury obligations	36,640	36,640	—	—

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	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U S government agencies	\$ 29,744	—	29,744	—
Municipal securities	845	—	845	—
Corporate obligations	62,358	—	60,600	1,758
Mutual funds	1,816	1,816	—	—
Foreign securities	4,967	452	4,515	—
Commingled funds	2,607	—	2,607	—
Total financial assets	<u>\$ 954,551</u>	<u>448,288</u>	<u>483,642</u>	<u>22,621</u>
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Fair value of swap agreements	\$ (41,589)	—	(41,589)	—
Total financial liabilities	<u>\$ (41,589)</u>	<u>—</u>	<u>(41,589)</u>	<u>—</u>

The following table summarizes the changes for the year ended September 30, 2010 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

<u>Level 3 assets</u>	<u>Beginning balance, October 1, 2009</u>	<u>Realized and unrealized gains (losses), net</u>	<u>Purchases, sales, settlements, and transfers, net</u>	<u>Ending balance, September 30, 2010</u>
Corporate obligations	\$ 5,832	(2,074)	10,844	14,602
Municipal securities	13,282	346	(5,878)	7,750
U S government agencies	—	(8)	209	201
Land trust	—	—	68	68
	<u>\$ 19,114</u>	<u>(1,736)</u>	<u>5,243</u>	<u>22,621</u>

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None of the assets, except those listed below, have any redemption restrictions so the redemption frequency is daily and would have a one-day notice for redemption

	<u>2011</u>	<u>2010</u>	<u>Redemption frequency</u>	<u>Days notice</u>
Investments				
Foreign securities	\$ 25,326	14,748	Monthly	10
Commingled funds	34,948	34,510	Daily	2
Assets limited as to use				
Cash and cash equivalents	\$ 37,979	35,189	Daily	2
Foreign securities	4,373	4,516	Daily	2
Mutual funds	1,290	1,443	Daily	2
Corporate obligations	45,702	43,500	Daily	2
U S Treasury obligations	27,143	31,179	Daily	2
U S government agencies	14,562	8,752	Daily	2
Guaranteed investment contract	9,260	9,260	Monthly	7

(12) Temporarily and Permanently Restricted Net Assets

OSF's temporarily restricted net assets of \$47,705 and \$41,726 at September 30, 2011 and 2010, respectively, are restricted for nursing education, and various programs related to the provision of healthcare, and \$20,000 that is restricted for the construction of a building at September 30, 2011 and 2010

OSF's permanently restricted net assets of \$11,831 and \$9,656 at September 30, 2011 and 2010, respectively, consist of investments to be held in perpetuity, the majority of income of which is expendable to support healthcare services

During 2011 and 2010, net assets were released from donor restrictions by purchasing equipment and incurring expenses satisfying the restricted purpose of healthcare and nursing education in the amount of \$3,169 and \$7,382, respectively. During 2011 and 2010, the Foundation reclassified \$(2) and \$1,267, respectively, of temporarily restricted net assets to (from) permanently restricted net assets due to clarification of donor intent of gifts previously recorded

(13) Self-Insurance

OSF has established a self-insurance program on an occurrence basis for professional and general liability, which provides for both self-insured limits and purchased coverage above such limits. Beginning October 1, 2008, excess coverage is provided by OSF Assurance Company, who purchases reinsurance from a third-party carrier for professional and general liability that has a limit of \$25,000,000 for each claim and in the aggregate and is in excess of \$7,000,000 for each and every occurrence. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. OSF has employed independent

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actuaries to estimate the ultimate costs, if any, of the settlement of such claims. For 2010, accrued malpractice losses have been discounted at 3.5%. For 2011, accrued losses are recorded on an undiscounted basis. In management's opinion, the accrued malpractice losses provide an adequate reserve for loss contingencies.

OSF is also self-insured for unemployment compensation benefits, health and dental claims, and workers' compensation. OSF has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of workers' compensation claims. OSF has developed internal techniques for estimating the ultimate costs of unemployment compensation benefits and health and dental claims. For 2010, accrued workers' compensation losses have been discounted at 3.0%. For 2011, accrued losses are recorded on an undiscounted basis. In management's opinion, accrued losses provide an adequate reserve for loss contingencies.

(14) Retirement Benefits

OSF has a noncontributory defined benefit pension plan (the Plan) covering substantially all employees of the Providers and OSF Corporate Office. The plan was changed to eliminate benefit accruals after March 5, 2011. Curtailment accounting occurred effective December 31, 2010. Prior to the plan change, benefits were based on a minimum benefit, which was increased for years of service. Contributions are intended to fund current service cost and, over 30 years, benefits from qualifying service prior to establishment of the Plan. The Plan is a "Church" plan and is not subject to Employee Retirement Income Security Act (ERISA).

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The actuarial funding method used in the actuarial valuation for 2011 and 2010 is the projected unit credit cost method. The measurement date for plan liabilities and assets is September 30 for the years ended September 30, 2011 and 2010. The following tables set forth the Plan's funded status and amounts recognized in OSF's consolidated financial statements at September 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 679,224	623,320
Service cost	14,006	30,724
Interest cost	35,797	36,320
Actuarial loss	29,303	121
Benefits paid	(13,000)	(11,261)
Curtailments	(77,164)	—
Benefit obligation at end of year	<u>\$ 668,166</u>	<u>679,224</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 386,728	325,297
Actual return on plan assets	(10,364)	26,931
Employer contributions	15,872	45,761
Benefits paid	(13,000)	(11,261)
Fair value of plan assets at end of year	<u>\$ 379,236</u>	<u>386,728</u>
Reconciliation of funded status		
Funded status	<u>\$ (288,930)</u>	<u>(292,496)</u>
Net amount recognized at year-end	<u>\$ (288,930)</u>	<u>(292,496)</u>
Amounts recognized in the accompanying consolidated balance sheets		
Accrued benefit liability	\$ (288,930)	(292,496)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to unrestricted net assets		
Net actuarial loss	\$ (282,912)	(286,027)
Prior service cost	—	(46)
Net amounts recognized in the accompanying consolidated balance sheets	<u>\$ (282,912)</u>	<u>(286,073)</u>

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	<u>2011</u>	<u>2010</u>
Weighted average assumptions		
Discount rate		
Benefit obligation	5.25%	5.70%
Net periodic benefit cost	5.70 / 6.00	5.60
Rate of compensation increase		
Benefit obligation	4.50	4.50
Net periodic benefit cost	4.50	4.50
Expected return on plan assets	8.00	8.00
Components of net periodic benefit cost		
Service cost	\$ 14.006	30.723
Interest cost	35.797	36.320
Expected return on plan assets	(38.120)	(35.148)
Amortization of prior service cost	2	10
Amortization of actuarial loss	3.740	11.715
Net periodic benefit cost	<u>\$ 15.425</u>	<u>43.620</u>

The accumulated benefit obligation for the Plan was \$668,166 and \$589,549 at September 30, 2011 and 2010, respectively.

Benefit costs are included in salaries and benefits in the accompanying consolidated financial statements.

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

OSF is expected to contribute approximately \$324 to the Plan in 2012.

The benefits expected to be paid in each year 2012 through 2016 are approximately \$14,171, \$17,455, \$20,169, \$22,902, and \$25,752, respectively. The aggregate benefits expected to be paid in the five years from 2017 through 2021 are approximately \$169,019. The expected benefits are based on the same assumptions used to measure OSF's benefit obligation at September 30, 2011.

The Plan has a statement of investment policy, which is reviewed and approved by the OSF board of directors. The policy establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications, as well as specific investment manager guidelines. The policy states that the rebalancing of these assets to the target allocations will be reviewed on a semiannual basis. Investments are managed by independent advisors. Management monitors the performance of these managers on a monthly basis.

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(In thousands)

The table below lists the target asset allocation and acceptable ranges and actual asset allocations as of September 30, 2011 and 2010

Asset	Target allocation	Acceptable range	Actual allocation at September 30	
			2011	2010
Large cap equity	33%	28 to 38%	31.1%	35.6%
Small cap equity	5	0 to 10	4.7	5.5
International equity	17	12 to 22	17.5	20.6
Fixed income	35	30 to 40	36.6	34.7
Hedge funds	10	5 to 15	9.1	—
Private equity	—	—	0.1	0.1
Cash	—	—	0.9	3.5

Fair Value of Financial Instruments

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

- Fair values of the Plan's assets are estimated based on prices provided by its investment managers and its custodian bank except for commingled funds. Fair value for cash and cash equivalents, equities, U.S. Treasury obligations, U.S. government agencies, municipal securities, corporate obligations, mutual funds, and foreign securities are measured using quoted market prices at the reporting date multiplied by the quantity held.
- As of September 30, 2011, the Plan has \$42.028 and the SFI Plan has \$11.299 of commingled funds. Commingled funds are valued using net asset value as a practical expedient to measure fair value as allowed by ASU 2009-12.

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

Fair Value Hierarchy

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

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2011

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Investments				
Cash and cash equivalents	\$ 8,250	8,250	—	—
Equities	85,117	85,117	—	—
U S Treasury obligations	18,333	18,333	—	—
U S government agencies	1,509	—	1,509	—
Municipal securities	304	—	304	—
Corporate obligations	24,212	—	23,959	253
Mutual funds	89,373	56	89,317	—
Foreign securities	75,332	35,053	40,279	—
Commingled funds	42,028	—	42,028	—
Partnership	34,778	—	—	34,778
Total financial assets	\$ <u>379,236</u>	<u>146,809</u>	<u>197,396</u>	<u>35,031</u>

The following table summarizes the changes for the year ended September 30, 2011 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

<u>Level 3 assets</u>	<u>Beginning balance, October 1, 2010</u>	<u>Realized and unrealized gains, net</u>	<u>Purchases, sales, settlements, and transfers, net</u>	<u>Ending balance, September 30, 2011</u>
Corporate obligations	\$ —	4	249	253
Partnership	319	(7,541)	42,000	34,778
	\$ <u>319</u>	<u>(7,537)</u>	<u>42,249</u>	<u>35,031</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2010

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Investments				
Cash and cash equivalents	\$ 17,583	17,583	—	—
Equities	101,055	101,055	—	—
U S Treasury obligations	16,684	16,684	—	—
U S government agencies	1,634	—	1,634	—
Municipal securities	128	—	128	—
Corporate obligations	21,639	—	21,639	—
Mutual funds	89,702	559	89,143	—
Foreign securities	87,865	44,367	43,498	—
Commingled funds	50,119	—	50,119	—
Partnership	319	—	—	319
Total financial assets	\$ <u>386,728</u>	<u>180,248</u>	<u>206,161</u>	<u>319</u>

The following table summarizes the changes for the year ended September 30, 2010 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

<u>Level 3 assets</u>	<u>Beginning balance, October 1, 2010</u>	<u>Realized and unrealized gains, net</u>	<u>Purchases, sales, settlements, and transfers, net</u>	<u>Ending balance, September 30, 2011</u>
Partnership	\$ 188	131	—	319
	\$ <u>188</u>	<u>131</u>	<u>—</u>	<u>319</u>

None of the assets, except those listed below, have any redemption restrictions so the redemption frequency is daily and would have a one-day notice for redemption.

	<u>2011</u>	<u>2011</u>	<u>Redemption frequency</u>	<u>Days notice</u>
Commingled funds	\$ 42,028	50,119	Daily	2
Partnership	34,778	—	Daily	30

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

In addition, OSF sponsors a retirement savings plan that includes a 401(k) feature. In conjunction with the change in the pension plan on March 5, 2011, OSF enhanced the retirement savings plan by increasing the match and adding an annual discretionary contribution. During 2010 and through March 4, 2011, participants could deposit an amount from 1% to 50% of their eligible compensation up to the Internal Revenue Service (IRS) limit of \$17,000. OSF contributed 50% of the employee contributions up to 6% of eligible compensation. Effective March 5, 2011, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. OSF contributes 100% of the employee contribution up to 5% of eligible compensation. OSF may also make annual discretionary contributions based on a participant's age and years of service. OSF contributed \$18,417 in 2011 and \$12,060 in 2010 to the retirement savings plan, which has been expensed as salaries and benefits expense. OSF also accrued for an anticipated discretionary contribution of \$14,997 in 2011, which has been expensed as salaries and benefits expense.

SFI has a defined benefit pension plan (SFI Plan) covering substantially all of its employees. The plan was changed to eliminate benefit accruals after March 5, 2011. Curtailment accounting occurred effective December 31, 2010. Prior to the plan change, SFI Plan benefits were based on years of service and the employee's compensation during those years of service. SFI's funding policy is to contribute an amount not less than the minimum required contribution under the ERISA of 1974.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

The actuarial funding method used in the actuarial valuation for 2011 and 2010 for the SFI Plan is the projected unit credit cost method. The measurement date for plan liabilities and assets is September 30. The following tables set forth the SFI Plan's funded status and amounts recognized in the consolidated financial statements at September 30, 2011.

	<u>2011</u>	<u>2010</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 43,617	38,102
Service cost	1,453	2,590
Interest cost	2,439	2,288
Actuarial loss	2,622	1,114
Benefits paid	(600)	(477)
Curtailments	(3,978)	—
Benefit obligation at end of year	<u>\$ 45,553</u>	<u>43,617</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 27,552	24,402
Actual return on plan assets	(212)	2,727
Employer contributions	3,525	900
Benefits paid	(600)	(477)
Fair value of plan assets at end of year	<u>\$ 30,265</u>	<u>27,552</u>
Reconciliation of funded status		
Funded status	<u>\$ (15,288)</u>	<u>(16,065)</u>
Net amount recognized at year-end	<u>\$ (15,288)</u>	<u>(16,065)</u>
Amounts recognized in the accompanying consolidated balance sheets		
Accrued benefit liability	\$ (15,288)	(16,065)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to stockholder's equity		
Net actuarial loss	\$ (17,333)	(16,095)
Prior service cost	<u>—</u>	<u>(5)</u>
Net amounts recognized in the accompanying consolidated balance sheets	<u>\$ (17,333)</u>	<u>(16,100)</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Weighted average assumptions		
Discount rate		
Benefit obligation	5.25%	5.80%
Net periodic benefit cost	5.80 / 6.05	5.65
Rate of compensation increase		
Benefit obligation	4.50	4.50
Net periodic benefit cost	4.50	4.50
Expected return on plan assets	8.00	8.00
Components of net periodic benefit cost		
Service cost	\$ 1,453	2,590
Interest cost	2,439	2,288
Expected return on plan assets	(2,631)	(2,357)
Amortization of transition asset	249	659
Amortization of prior service cost	—	1
Net periodic benefit cost	<u>\$ 1,510</u>	<u>3,181</u>

The accumulated benefit obligation for the SFI Plan was \$45,553 and \$39,101 at September 30, 2011 and 2010, respectively.

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

SFI expects to contribute \$2,020 to the SFI Plan in 2012.

The benefits expected to be paid in each year 2012 through 2016 for the SFI Plan are approximately \$630, \$799, \$944, \$1,095, and \$1,265, respectively. The aggregate benefits expected to be paid in the five years from 2017 through 2021 are approximately \$9,411.

The SFI Plan has a statement of investment policy, which is reviewed and approved by the SFI board of directors. The policy establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications as well as specific investment manager guidelines. The policy states that the rebalancing of these assets to the target allocations will be reviewed on a semiannual basis. Investments are managed by independent advisors. Management monitors the performance of these managers on a monthly basis.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

The table below lists the target asset allocation and acceptable ranges and actual asset allocations for the SFI Plan as of September 30, 2011 and 2010

Asset	Target allocation	Acceptable range	Actual allocation at September 30	
			2011	2010
Large cap equity	39%	34% to 44%	37.3%	37.3%
Small cap equity	6	2 to 10	5.5	5.7
International equity	20	15 to 25	20.0	20.7
Fixed income	35	30 to 40	35.5	34.2
Cash	—	—	1.7	2.1

The following table presents the SFI Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2011

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Investments (excluding accrued interest of \$33)				
Cash and cash equivalents	\$ 502	502	—	—
Mutual funds	12,394	1,650	10,744	—
Foreign securities	6,037	6,037	—	—
Commingled funds	11,299	—	11,299	—
Total financial assets	\$ 30,232	8,189	22,043	—

The following table presents the SFI Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2010

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Investments (excluding accrued interest of \$36)				
Cash and cash equivalents	\$ 591	591	—	—
Mutual funds	10,961	1,571	9,390	—
Foreign securities	5,712	5,712	—	—
Commingled funds	10,252	—	10,252	—
Total financial assets	\$ 27,516	7,874	19,642	—

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

None of the assets, except those listed below, have any redemption restrictions so the redemption frequency is daily and would have a one-day notice for redemption

	<u>2011</u>	<u>2011</u>	<u>Redemption frequency</u>	<u>Days notice</u>
Commingled funds	\$ 11,299	10,252	Daily	2

In addition, SFI sponsors a retirement savings plan that includes a 401(k) feature. In conjunction with the change in the pension plan on March 5, 2011, OSF enhanced the retirement savings plan by increasing the match and adding an annual discretionary contribution. During 2010 and through March 4, 2011, participants could deposit an amount from 1% to 50% of their eligible compensation up to the IRS limit of \$17. SFI may make matching contributions equal to a discretionary percentage of the participant's contributions. Effective March 5, 2011, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. SFI may make matching contributions equal to a discretionary percentage of the participant's contributions. SFI may also make annual discretionary contributions based on a participant's age and years of service. SFI contributed \$1,837 in 2011 and \$1,075 in 2010 to the retirement savings plan, which has been expensed as salaries and benefits expense. SFI also accrued for an anticipated discretionary contribution of \$1,307 in 2011 which has been expensed as salaries and benefits expense.

(15) Income Taxes

Income tax benefit consists of

	<u>2011</u>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
U S federal	\$ (87)	(485)	(572)
State	(28)	(159)	(187)
	<u>\$ (115)</u>	<u>(644)</u>	<u>(759)</u>

	<u>2011</u>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
U S federal	\$ (337)	(1,459)	(1,796)
State	(60)	(284)	(344)
	<u>\$ (397)</u>	<u>(1,743)</u>	<u>(2,140)</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

Income tax benefit attributable from revenues, gains, and other support over expenses was \$759 and \$(2,143) for the years ended September 30, 2011 and 2010, respectively, and differed from the amounts computed by applying the U S federal income tax rate of 34% to pretax income as a result of the following

	<u>2011</u>	<u>2010</u>
Computed "expected" tax (benefit) expense	\$ 78	(1,514)
(Decrease) increase in income taxes resulting from		
State income taxes, net of federal income tax effect	14	(267)
Other nondeductible expenses and other	<u>667</u>	<u>(362)</u>
Income tax benefit from operations	759	(2,143)
Income tax expense from investment income	<u>—</u>	<u>3</u>
Total income tax benefit	<u>\$ 759</u>	<u>(2,140)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at September 30, 2011 and 2010 are as follows

	<u>2011</u>	<u>2010</u>
Deferred tax assets		
Accounts receivable reserves	\$ 549	489
Benefit accruals, including pension	9,090	7,699
Amortization of noncompete agreements	—	7
Capital loss carry forward	3,746	4,100
Investments in joint ventures	(224)	413
Pledges and contributions	254	86
Net operating loss carry forward	43,869	21,000
Contribution carry over	567	385
Loss accrual	—	1,200
Market valuation of derivatives	942	861
Accounting change – accelerated revenue recognition	<u>247</u>	<u>—</u>
Total gross deferred tax assets	59,040	36,240
Less valuation allowance	<u>(47,315)</u>	<u>(25,100)</u>
Net deferred tax assets	<u>\$ 11,725</u>	<u>11,140</u>

OSF's 11 wholly owned physician group subsidiaries have elected to be taxed as "for-profit" corporations for nontax reasons. OSF's tax effects of temporary differences that give rise to significant portions of the deferred tax assets at September 30, 2011 and 2010 are primarily the result of net operating loss carry forwards (approximately \$42,500 and \$21,000 at September 30, 2011 and 2010, respectively, which expire at various dates through 2031)

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the corporation will realize the benefits of these deductible differences, net of the valuation allowance at September 30, 2011. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the realization period are reduced.

(16) Commitments and Contingencies

(a) *Operating Leases*

OSF occupies space in certain facilities under long-term noncancelable operating lease arrangements. Total equipment rental, asset lease, and facility rental expense in 2011 and 2010 were \$44,490 and \$43,802, respectively.

The following is a schedule by year of future minimum lease payments to be made under operating leases as of September 30, 2011 that have initial or remaining lease terms in excess of one year:

	<u>Amount</u>
Year ending September 30	
2012	\$ 28,614
2013	22,540
2014	18,223
2015	14,110
2016	10,263
Thereafter	65,585

(b) *Litigation*

OSF and its subsidiaries are involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on OSF and its subsidiaries' future financial position or results from operations.

As result of the sale of OSF Health Plans, Inc. on May 21, 2008 to another health maintenance organization, there have been requests from the buyer for SFI to pay funds related to third-party settlements open at the time of the sale. SFI does not believe it is responsible for such settlements and has not accrued a liability as of September 30, 2011 related to the buyer's requests.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(In thousands)

(c) *Regulatory Investigations*

The U S Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers OSF is subject to these regulatory efforts Management is currently unaware of any regulatory matters, which may have a material adverse effect on OSF's financial position or results of operations

(d) *Investment Risk and Uncertainties*

OSF invests in various investment securities Investment securities are exposed to various risks such as interest rate, credit, and overall market volatility risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets

(e) *Tax exemption for sales tax and property tax*

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

(17) Subsequent Events

OSF evaluated events and transactions through February 8, 2012, the date the consolidated financial statements were issued, noting no subsequent events requiring recording or disclosure, except as noted below, in the consolidated financial statements or related notes to the consolidated financial statements

On November 30, 2011, OSF paid off the remaining balance of \$14,200 of commercial paper using a commercial bank line of credit

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – OSF Healthcare System and Subsidiaries

September 30, 2011

(In thousands)

Assets	Total healthcare providers	Corporate office
Current		
Cash and cash equivalents	\$ 27,801	83,879
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately \$133,862	331,471	—
Other	52,182	13,007
Total current assets	411,454	96,886
Investments	26,382	601,605
Assets limited as to use	—	199,461
Property and equipment, net	724,455	88,229
Restricted assets	59,536	—
Other assets	417,216	109,334
Total assets	\$ 1,639,043	1,095,515
Liabilities, Net Assets (Liabilities), and Stockholder's Equity		
Current liabilities		
Current portion of long-term debt	\$ 9,597	13,197
Long-term debt subject to short-term remarketing arrangements	—	14,200
Accounts payable and accrued expenses	120,794	27,802
Estimated third-party payor settlements	74,162	—
Total current liabilities	204,553	55,199
Long-term debt, net of current portion	61,860	800,495
Accrued benefit liability	—	288,930
Estimated self-insurance liabilities	—	124,840
Other liabilities	2,959	443,765
Total liabilities	269,372	1,713,229
Net assets (liabilities)		
Unrestricted		
Unrestricted net assets of OSF	1,308,131	(617,714)
Noncontrolling interests in subsidiaries	2,004	—
Total unrestricted net assets	1,310,135	(617,714)
Temporarily restricted	47,705	—
Permanently restricted	11,831	—
Total net assets (liabilities)	1,369,671	(617,714)
Stockholder's equity	—	—
Total liabilities and net assets (liabilities)	\$ 1,639,043	1,095,515

See accompanying independent auditors' report

Schedule 1

Eliminations	System total	OSF Saint Francis, Inc. and other subsidiaries	Eliminations and reclass	Consolidated
(6.654)	105.026	14.559	12.166	131.751
—	331.471	19.739	—	351.210
(13.967)	51.222	18.381	(3.020)	66.583
(20.621)	487.719	52.679	9.146	549.544
—	627.987	—	—	627.987
—	199.461	—	—	199.461
—	812.684	81.286	—	893.970
—	59.536	—	—	59.536
(446.826)	79.724	12.105	(39.575)	52.254
(467.447)	2,267.111	146.070	(30.429)	2,382.752
(9.304)	13.490	3,794	—	17.284
—	14.200	—	—	14.200
(11.317)	137.279	29.824	9.146	176.249
—	74.162	291	—	74.453
(20.621)	239.131	33.909	9.146	282.186
(57.763)	804.592	48.497	—	853.089
—	288.930	15.288	—	304.218
—	124.840	—	—	124.840
(389.063)	57.661	6.755	—	64.416
(467.447)	1,515.154	104.449	9.146	1,628.749
—	690.417	—	2.046	692.463
—	2.004	—	—	2.004
—	692.421	—	2.046	694.467
—	47.705	—	—	47.705
—	11.831	—	—	11.831
—	751.957	—	2.046	754.003
—	—	41.621	(41.621)	—
(467.447)	2,267.111	146.070	(30.429)	2,382.752

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES
Consolidating Balance Sheet Information – Healthcare Providers
September 30, 2011
(In thousands)

Assets	Escanaba	Rockford	Pontiac	Bloomington
Current				
Cash and cash equivalents	\$ 756	3,506	718	2,414
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately \$104,038	8,976	59,975	8,820	26,725
Other	3,483	10,789	3,419	5,835
Total current assets	13,215	74,270	12,957	34,974
Investments	353	6,529	281	3,497
Property and equipment, net	13,567	83,876	27,066	70,688
Restricted assets	1,120	4,952	1,030	947
Other assets	—	—	16,559	98,377
Total assets	\$ 28,255	169,627	57,893	208,483
Liabilities and Net Assets (Liabilities)				
Current liabilities				
Current portion of long-term debt	\$ 1,290	5,426	—	198
Accounts payable and accrued expenses	6,354	23,147	5,715	12,520
Estimated third-party payor settlements	—	13,896	1,870	13,053
Total current liabilities	7,644	42,469	7,585	25,771
Long-term debt, net of current portion	38,943	3,904	—	168
Other liabilities	107	562	61	385
Total liabilities	46,694	46,935	7,646	26,324
Net assets (liabilities)				
Unrestricted				
Unrestricted net assets of OSF	(19,559)	117,924	49,217	180,719
Noncontrolling interests in subsidiaries	—	(184)	—	492
Total unrestricted net assets	(19,559)	117,740	49,217	181,211
Temporarily restricted	330	1,908	149	945
Permanently restricted	790	3,044	881	3
Total net assets (liabilities)	(18,439)	122,692	50,247	182,159
Total liabilities and net assets (liabilities)	\$ 28,255	169,627	57,893	208,483

See accompanying independent auditors' report

Schedule 2

Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Total
13.180	910	104	5.904	309	27.801
197.099	18.678	1.133	3.808	6.257	331.471
22.753	3.506	231	830	1.336	52.182
233.032	23.094	1.468	10.542	7.902	411.454
13.958	307	—	24	1.433	26.382
500.944	20.617	2.145	4.391	1.161	724.455
38.966	4.883	—	2.411	5.227	59.536
235.993	59.655	—	6.632	—	417.216
1,022.893	108,556	3,613	24.000	15.723	1,639,043
19	—	654	1.500	510	9.597
58.010	6.908	522	2.708	4.910	120.794
38.371	6.319	42	611	—	74.162
96.400	13.227	1.218	4.819	5.420	204.553
25	—	2.744	—	16.076	61.860
1.468	144	61	171	—	2.959
97.893	13.371	4.023	4.990	21.496	269.372
884.338	90.303	(410)	16.599	(11.000)	1,308.131
1.696	—	—	—	—	2.004
886.034	90.303	(410)	16.599	(11.000)	1,310.135
36.490	566	—	2.411	4.906	47.705
2.476	4.316	—	—	321	11.831
925.000	95.185	(410)	19.010	(5.773)	1,369,671
1,022.893	108,556	3,613	24.000	15.723	1,639,043

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – OSF Saint Francis, Inc. and Other Subsidiaries

September 30, 2011

(In thousands)

Assets	OSF Saint Francis, Inc.*	Other subsidiaries**	Eliminations	OSF Saint Francis, Inc. and other subsidiaries
Current				
Cash and cash equivalents	\$ 20,867	(6,308)	—	14,559
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately \$29,824	6,279	13,460	—	19,739
Other	19,907	1,115	(2,641)	18,381
Total current assets	47,053	8,267	(2,641)	52,679
Property and equipment, net	74,424	6,862	—	81,286
Other assets	11,466	639	—	12,105
Total assets	\$ 132,943	15,768	(2,641)	146,070
Liabilities and Stockholder's equity				
Current liabilities				
Current portion of long-term debt	\$ 3,794	—	—	3,794
Accounts payable and accrued expenses	17,871	14,594	(2,641)	29,824
Estimated third-party payor settlements	—	291	—	291
Total current liabilities	21,665	14,885	(2,641)	33,909
Long-term debt, net of current portion	48,198	299	—	48,497
Accrued benefit liability	15,288	—	—	15,288
Other liabilities	6,755	—	—	6,755
Total liabilities	91,906	15,184	(2,641)	104,449
Stockholder's equity	41,037	584	—	41,621
Total liabilities and stockholder's equity	\$ 132,943	15,768	(2,641)	146,070

* OSF Saint Francis, Inc. includes the accounts of OSF Saint Francis, Inc., OSF Aviation, OSF Design Group, and OSF Assurance Company

** Other subsidiaries include the accounts of OSF Multispecialty Group – Peoria, LLC, HeartCare Midwest, Ltd., Illinois Neurological Institute-Physicians, LLC, Cardiovascular Institute at OSF, LLC, OSF Multispecialty Group -Eastern Region, LLC, OSF Lifeline Ambulance, LLC, Illinois Pathologist Services, LLC, Illinois Specialty Physician Services at OSF, LLC, OSF Perinatal Associates, LLC, OSF Multispecialty Group – Western Region, LLC, OSF Children's Medical Group - Congenital Heart Center, LLC, and Preferred Emergency Physicians of Illinois, LLC

See accompanying independent auditors' report

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information – OSF Healthcare System and Subsidiaries

Year ended September 30, 2011

(In thousands)

	Total healthcare providers	Corporate office
Unrestricted revenue, gains, and other support		
Net patient and resident service revenue	\$ 1,726,920	—
Contributions	5,301	—
Other	42,991	116,942
Net assets released from restrictions used for operations	1,998	—
Total unrestricted revenue, gains, and other support	<u>1,777,210</u>	<u>116,942</u>
Expenses		
Salaries and benefits	846,262	55,533
Sisters' evaluated services	222	1,121
Supplies and other expenses	622,187	39,131
Provision for uncollectible accounts	90,847	—
Depreciation and amortization	80,696	17,459
Impairment loss	17,575	17,575
Interest	3,286	63,647
Total expenses	<u>1,661,075</u>	<u>194,466</u>
Income (loss) before income tax expense	<u>116,135</u>	<u>(77,524)</u>
Income tax benefit	—	—
Income (loss) from operations	<u>116,135</u>	<u>(77,524)</u>
Nonoperating gains (losses)		
Investment income (loss), net of tax of \$2	22,388	33,454
Change in fair value of investments	(1,814)	(25,364)
Change in fair value of derivative instruments	—	(13,480)
Total nonoperating gains (losses)	<u>20,574</u>	<u>(5,390)</u>
Net income (loss)	<u>136,709</u>	<u>(82,914)</u>
Other changes in unrestricted net assets		
Net assets released from restrictions used for the purchase of property and equipment	1,171	—
Transfer (to) from affiliate	—	(33,877)
Recognition of change in pension funded status	—	3,346
Minority interest	(2,702)	—
Change in unrestricted net assets	<u>\$ 135,178</u>	<u>(113,445)</u>

See accompanying independent auditors' report

Schedule 4

Eliminations	System total	OSF Saint Francis, Inc. and other subsidiaries	Eliminations	Consolidated
(52.208)	1,674,712	112,648	—	1,787,360
—	5,301	—	—	5,301
(129,116)	30,817	106,384	(60,574)	76,627
—	1,998	—	—	1,998
(181,324)	1,712,828	219,032	(60,574)	1,871,286
(52.208)	849,587	98,215	—	947,802
—	1,343	—	—	1,343
(94,099)	567,219	160,593	(76,775)	651,037
—	90,847	968	—	91,815
(17,442)	80,713	9,835	—	90,548
(17,575)	17,575	—	—	17,575
(23,747)	43,186	2,051	—	45,237
(205,071)	1,650,470	271,662	(76,775)	1,845,357
23,747	62,358	(52,630)	16,201	25,929
—	—	(126)	—	(126)
23,747	62,358	(52,504)	16,201	26,055
(23,747)	32,095	20	—	32,115
—	(27,178)	—	—	(27,178)
—	(13,480)	(40)	—	(13,520)
(23,747)	(8,563)	(20)	—	(8,583)
—	53,795	(52,524)	16,201	17,472
—	1,171	—	—	1,171
—	(33,877)	49,955	(16,078)	—
—	3,346	(220)	220	3,346
—	(2,702)	—	—	(2,702)
—	21,733	(2,789)	343	19,287

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information – Healthcare Providers

Year ended September 30, 2011

(In thousands)

	<u>Escanaba</u>	<u>Rockford</u>	<u>Pontiac</u>
Unrestricted revenue, gains, and other support			
Net patient and resident service revenue	\$ 70,691	320,970	64,822
Contributions	177	114	152
Other	1,330	8,888	1,883
Net assets released from restrictions used for operations	<u>40</u>	<u>406</u>	<u>76</u>
Total unrestricted revenue, gains, and other support	<u>72,238</u>	<u>330,378</u>	<u>66,933</u>
Expenses			
Salaries and benefits	38,079	165,215	30,709
Sisters' evaluated services	—	65	—
Supplies and other expenses	29,167	133,552	28,287
Provision for uncollectible accounts	5,605	13,336	4,281
Depreciation and amortization	2,495	14,933	3,845
Impairment loss	826	3,779	738
Interest	<u>1,631</u>	<u>592</u>	<u>—</u>
Total expenses	<u>77,803</u>	<u>331,472</u>	<u>67,860</u>
Income (loss) from operations	<u>(5,565)</u>	<u>(1,094)</u>	<u>(927)</u>
Nonoperating gains			
Investment income	10	766	945
Change in fair value of investments	<u>—</u>	<u>(842)</u>	<u>(12)</u>
Total nonoperating gains (loss)	<u>10</u>	<u>(76)</u>	<u>933</u>
Net income (loss)	<u>(5,555)</u>	<u>(1,170)</u>	<u>6</u>
Other changes in unrestricted net assets (liabilities)			
Net assets released from restrictions used for the purchase of property and equipment	54	203	42
Transfer from affiliate	—	—	—
Net (distributions received) contributions made by noncontrolling shareholders	<u>—</u>	<u>108</u>	<u>—</u>
Change in unrestricted net assets (liabilities)	<u>\$ (5,501)</u>	<u>(859)</u>	<u>48</u>

See accompanying independent auditors' report

Schedule 5

Bloomington	Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Total
155,737	943,948	97,677	5,964	26,268	40,843	1,726,920
375	4,016	243	2	26	196	5,301
9,407	17,851	2,783	54	103	692	42,991
25	1,400	40	2	9	—	1,998
<u>165,544</u>	<u>967,215</u>	<u>100,743</u>	<u>6,022</u>	<u>26,406</u>	<u>41,731</u>	<u>1,777,210</u>
84,472	432,325	49,907	2,947	14,446	28,162	846,262
—	89	68	—	—	—	222
47,162	335,596	26,418	2,450	7,999	11,556	622,187
7,054	48,339	10,357	128	1,480	267	90,847
8,866	44,850	3,910	276	858	663	80,696
1,652	9,631	949	—	—	—	17,575
23	3	—	146	67	824	3,286
<u>149,229</u>	<u>870,833</u>	<u>91,609</u>	<u>5,947</u>	<u>24,850</u>	<u>41,472</u>	<u>1,661,075</u>
<u>16,315</u>	<u>96,382</u>	<u>9,134</u>	<u>75</u>	<u>1,556</u>	<u>259</u>	<u>116,135</u>
4,941	12,347	3,356	—	20	3	22,388
(136)	(823)	(1)	—	—	—	(1,814)
<u>4,805</u>	<u>11,524</u>	<u>3,355</u>	<u>—</u>	<u>20</u>	<u>3</u>	<u>20,574</u>
21,120	107,906	12,489	75	1,576	262	136,709
767	105	—	—	—	—	1,171
—	—	—	—	—	—	—
(553)	(2,257)	—	—	—	—	(2,702)
<u>21,334</u>	<u>105,754</u>	<u>12,489</u>	<u>75</u>	<u>1,576</u>	<u>262</u>	<u>135,178</u>

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Stockholder's Equity
Information – OSF Saint Francis, Inc. and Other Subsidiaries

Year ended September 30, 2011

(In thousands)

	OSF Saint Francis, Inc.*	Other subsidiaries**	Eliminations	OSF Saint Francis, Inc. and other subsidiaries
Unrestricted revenue, gains, and other support				
Net patient revenue	\$ 25,116	87,532	—	112,648
Other	133,835	2,552	(30,003)	106,384
Total unrestricted revenue, gains, and other support	158,951	90,084	(30,003)	219,032
Expenses				
Salaries and benefits	98,215	—	—	98,215
Supplies and other expenses	51,598	138,998	(30,003)	160,593
Provision for uncollectible accounts	712	256	—	968
Depreciation and amortization	6,162	3,673	—	9,835
Interest	2,018	33	—	2,051
Total expenses	158,705	142,960	(30,003)	271,662
(Income) loss before income tax (benefit) expense	246	(52,876)	—	(52,630)
Income tax (benefit) expense	(761)	635	—	(126)
Income (loss) from operations	1,007	(53,511)	—	(52,504)
Nonoperating gains (losses)				
Investment income, net of tax of \$2	20	—	—	20
Change in fair value of derivative instruments	(40)	—	—	(40)
Total nonoperating losses	(20)	—	—	(20)
Net income (loss)	987	(53,511)	—	(52,524)
Other changes in stockholder's equity				
Transfer from affiliate	—	49,955	—	49,955
Recognition of change in pension funded status	(220)	—	—	(220)
Change in stockholder's equity	\$ 767	(3,556)	—	(2,789)

* OSF Saint Francis, Inc. includes the accounts of OSF Saint Francis, Inc., OSF Aviation, OSF Design Group, and OSF Assurance Company

** Other subsidiaries include the accounts of OSF Multispecialty Group – Peoria, LLC, HeartCare Midwest, Ltd., Illinois Neurological Institute-Physicians, LLC, Cardiovascular Institute at OSF, LLC, OSF Multispecialty Group – Eastern Region, LLC, OSF Lifeline Ambulance, LLC, Illinois Pathologist Services, LLC, Illinois Specialty Physician Services at OSF, LLC, OSF Perinatal Associates, LLC, OSF Multispecialty Group – Western Region, LLC, OSF Children's Medical Group, Congenital Heart Center, LLC, and Preferred Emergency Physicians of Illinois, LLC

See accompanying independent auditors' report

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Changes in Net Assets Information – OSF Healthcare System

Year ended September 30, 2011

(In thousands)

	Total healthcare providers	Corporate office	OSF Saint Francis, Inc and other subsidiaries	Eliminations	Consolidated
Unrestricted net assets (liabilities)					
Net income (loss)	\$ 136,709	(82,914)	(52,524)	16,201	17,472
Other changes in unrestricted net assets					
Net assets released from restrictions used for the purchase of property and equipment	1,171	—	—	—	1,171
Transfer (to) from affiliate	—	(33,877)	49,955	(16,078)	—
Recognition of change in pension funded status	—	3,346	(220)	220	3,346
Net distributions received by noncontrolling shareholders	(2,702)	—	—	—	(2,702)
Change in unrestricted net assets (liabilities)	135,178	(113,445)	(2,789)	343	19,287
Temporarily restricted net assets					
Contributions	9,456	—	—	—	9,456
Investment income	(310)	—	—	—	(310)
Net assets released from restrictions	(3,169)	—	—	—	(3,169)
Reclassification of net assets based on donor intent	2	—	—	—	2
Change in temporarily restricted net assets	5,979	—	—	—	5,979
Permanently restricted net assets					
Contributions	2,177	—	—	—	2,177
Reclassification of net assets based on donor intent	(2)	—	—	—	(2)
Change in permanently restricted net assets	2,175	—	—	—	2,175
Change in net assets (liabilities)	143,332	(113,445)	(2,789)	343	27,441
Net assets (liabilities), beginning of year	1,226,339	(504,269)	(40,981)	45,473	726,562
Net assets (liabilities), end of year	\$ 1,369,671	(617,714)	(43,770)	45,816	754,003

See accompanying independent auditors' report

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Changes in Net Assets Information – Healthcare Providers

Year ended September 30, 2011

(In thousands)

	<u>Escanaba</u>	<u>Rockford</u>	<u>Pontiac</u>
Unrestricted net assets (liabilities)			
Net income (loss)	\$ (5,555)	(1,170)	6
Other changes in unrestricted net assets			
Net assets released from restrictions used for the purchase of property and equipment	54	203	42
Net (distributions received) contributions made by noncontrolling shareholder	—	108	—
Transfer from affiliate	—	—	—
Change in unrestricted net assets (liabilities)	<u>(5,501)</u>	<u>(859)</u>	<u>48</u>
Temporarily restricted net assets			
Contributions	81	784	86
Investment income (loss)	(21)	7	5
Net assets released from restrictions	(94)	(609)	(118)
Net assets transferred (to) from affiliates	—	—	—
Reclassification of net assets based on donor intent	—	—	2
Change in temporarily restricted net assets	<u>(34)</u>	<u>182</u>	<u>(25)</u>
Permanently restricted net assets			
Contributions	—	1,766	—
Reclassification of net assets based on donor intent	—	—	(2)
Change in permanently restricted net assets	<u>—</u>	<u>1,766</u>	<u>(2)</u>
Change in net assets (liabilities)	<u>(5,535)</u>	<u>1,089</u>	<u>21</u>
Net assets (liabilities), beginning of year	<u>(12,904)</u>	<u>121,603</u>	<u>50,226</u>
Net assets (liabilities), end of year	<u>\$ (18,439)</u>	<u>122,692</u>	<u>50,247</u>

See accompanying independent auditors' report

Schedule 8

Bloomington	Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Total
21.120	107.906	12.489	75	1.576	262	136.709
767 (553)	105 (2.257)	—	—	—	—	1.171 (2.702)
—	—	—	—	—	—	—
<u>21.334</u>	<u>105.754</u>	<u>12.489</u>	<u>75</u>	<u>1.576</u>	<u>262</u>	<u>135.178</u>
1.592	2.519	101	—	2.406	1.887	9.456
—	(178)	(120)	—	—	(3)	(310)
(792)	(1.505)	(40)	(2)	(9)	—	(3.169)
—	(2)	—	2	—	—	—
—	—	—	—	—	—	2
<u>800</u>	<u>834</u>	<u>(59)</u>	<u>—</u>	<u>2.397</u>	<u>1.884</u>	<u>5.979</u>
—	411	—	—	—	—	2.177
—	—	—	—	—	—	(2)
<u>—</u>	<u>411</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2.175</u>
22.134	106.999	12.430	75	3.973	2.146	143.332
160.025	818.001	82.755	(485)	15.037	(7.919)	1.226.339
<u>182.159</u>	<u>925.000</u>	<u>95.185</u>	<u>(410)</u>	<u>19.010</u>	<u>(5.773)</u>	<u>1.369.671</u>