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Form 990

Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

Copley Memorial Hospital Inc

c/o Rush-Copley Medical Ctr

Doing Business As

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

Room/suite

2000 Ogden Avenue

City or town, state or country, and ZIP + 4

Aurora, IL 605044206

F Name and address of principal officer

Barry Finn

2000 Ogden Avenue

Aurora, IL 605044206

D Employer identification number

36-2170840

E Telephone number

(630) 978-6200

G Gross receipts \$ 424,299,394

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) ( ) ☐ (insert no ) ☐ 4947(a)(1) or ☐ 527

J Website: www.rushcopley.com

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

L Year of formation 1886

M State of legal domicile IL

Part I	Summary
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>To provide advanced medicine with quality outcomes and extraordinary care</div></div>
	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>
	<div><div>3</div><div>Number of voting members of the governing body (Part VI, line 1a)</div><div>19</div></div>
	<div><div>4</div><div>Number of independent voting members of the governing body (Part VI, line 1b)</div><div>16</div></div>
	<div><div>5</div><div>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div><div>1,854</div></div>
	<div><div>6</div><div>Total number of volunteers (estimate if necessary)</div><div>300</div></div>
	<div><div>7a</div><div>Total unrelated business revenue from Part VIII, column (C), line 12</div><div>0</div></div>
	<div><div>7b</div><div>Net unrelated business taxable income from Form 990-T, line 34</div><div>0</div></div>
Revenue	<div><div>8</div><div>Contributions and grants (Part VIII, line 1h)</div><div></div></div>
	<div><div>9</div><div>Program service revenue (Part VIII, line 2g)</div><div></div></div>
	<div><div>10</div><div>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</div><div></div></div>
	<div><div>11</div><div>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div><div></div></div>
	<div><div>12</div><div>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div><div></div></div>
Expenses	<div><div>13</div><div>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div><div></div></div>
	<div><div>14</div><div>Benefits paid to or for members (Part IX, column (A), line 4)</div><div></div></div>
	<div><div>15</div><div>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div><div></div></div>
	<div><div>16a</div><div>Professional fundraising fees (Part IX, column (A), line 11e)</div><div></div></div>
	<div><div>b</div><div>Total fundraising expenses (Part IX, column (D), line 25)</div><div></div></div>
	<div><div>17</div><div>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div><div></div></div>
	<div><div>18</div><div>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div><div></div></div>
Net Assets or Fund Balances	<div><div>19</div><div>Revenue less expenses Subtract line 18 from line 12</div><div></div></div>
	<div><div>20</div><div>Total assets (Part X, line 16)</div><div></div></div>
	<div><div>21</div><div>Total liabilities (Part X, line 26)</div><div></div></div>
	<div><div>22</div><div>Net assets or fund balances Subtract line 21 from line 20</div><div></div></div>

Part II

Signature Block

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

Sign Here

Signature of officer

Brenda VanWyhe CFO

Type or print name and title

Date

2013-05-09

Paid Preparer's Use Only

Preparer's signature

Margaret Grinnell

Firm's name (or yours if self-employed), address, and ZIP + 4

Deloitte Tax LLP

111 South Wacker Drive

Chicago, IL 60606

Date

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00538660

EIN

86-1065772

Phone no

(312) 486-1000

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

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

### 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

The mission of Rush-Copley is to provide advanced medicine with quality outcome and extraordinary care

**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 organization's program service accomplishments for each of its three largest program services, as measured 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 \$)	177,920,074	including grants of \$	20,545 )	(Revenue \$)	259,619,994
	<p>Copley Memorial Hospital's mission is to provide advanced medicine with quality outcomes and extraordinary care. The focus on advanced medicine is concentrated in Copley Memorial Hospital's centers of excellence or "Institutes". Institutes represent the major service lines of the Medical Center: Cancer Care, Emergency Services, Heart &amp; Vascular, Neuroscience, and Women's Health. The designation of Institutes allows the organization to prioritize among diverse opportunities and focus resources on these service lines. To that end, the medical center seeks to serve the community in ways that engage, educate and empower. In 2011, Copley Memorial Hospital proudly collaborated with dozens of civic and community groups to impact the knowledge, health and well being of the community. Copley Memorial Hospital offers free educational programs ranging from hand hygiene education aimed at preschool and primary grade school aged children to annual seminars educating adults about diabetes, heart health, cancer prevention, weight control, smoking cessation and more. A bimonthly newsletter is published and highlights health information and calendar of events info to 70,000+ households throughout the hospital service area. Free and reduced cost health screenings are regularly offered including free blood pressure monitoring on a walk-in basis. Highlighted Health Programming includes: During 2011, Copley Memorial Hospital (the "Hospital") sponsored, partnered or participated in nearly 600 community-based programs and events with special emphasis on improving the health and wellness of adults, children and underserved populations. Nutrition and Weight Loss: Seven programs aimed at providing sound nutrition advice and weight loss strategies were held during the year. Topics included healthy lunch preparation, women and weight loss, vegetarian cooking and grocery store tours. 54 people attended. Diabetes: Presentations about diabetes and related screenings were conducted throughout the year at various community locations. Fasting glucose and blood pressure screenings were provided to 635 community members. Smoking Cessation: The Freedom from Smoking class was offered four times with a total of 23 participants. This free eight-week program provides support and the skills needed to quit smoking. Cancer Awareness and Information: Seven classes and programs focusing on cancer were held in the community with over 400 participants. Topics ranged from prostate cancer to skin cancer as well as a course on survivorship. An ongoing yoga series is offered as well as a special celebration of National Cancer Survivors Day. Latina Talks (Platicas Para Mujeres): Latina Talks (Platicas Para Mujeres) is an educational series geared toward the healthcare needs of Latina women. Latina Talks is offered nine times a year from September through May targeting Latina women in the Fox Valley area. Topics presented by professional healthcare providers include: From Girl to Young Woman, Menopause, Breast Health, Healthy Cooking demonstration, Discipline and Children and more. Typically, between thirty and fifty women attend the monthly sessions. In addition, Rush-Copley partners with Aurora University nursing students to provide daycare and blood pressure screenings to the women. Over 200 women have benefited from the presentations in the last year. Older Adult Education: Educational and interactive talks designed to provide seniors with health information and education are presented regularly at the Beecher Community Center in Yorkville in collaboration with Kendall County Senior Services. This programming reaches over 400 seniors annually. Healthcare topics presented by healthcare providers followed by question and answer sessions. These sessions are offered to the senior community at large and take place at Sunnymere, an assisted living facility. Topics include Cholesterol Management, Bone and Joint Health and Acid Reflux Disease. Bi-monthly presentations are attended by annually by 120 seniors. Pregnancy and Childbirth: Prenatal education classes are offered to couples who are pregnant or considering having a baby. Class topics include: New Advances in Infertility, Thinking About Having a Baby, Healthy Pregnancy, Healthy You, Bringing Home Baby and Child Safety. Tours of the Family Birth Center are also provided. Nearly 1,200 people participated in 2011. Physician Referral Line: Copley Memorial Hospital offers a free physician and information referral telephone service to the community. This service allows community members to talk with a call advisor to match a person's health needs and preferences with the physician of their choice or link callers to services provided by the medical center. Over 27,000 people used this service in 2011. Website: Copley Memorial Hospital's website, <a href="http://rushcopley.com">rushcopley.com</a>, with translation available into dozens of languages, offers access to free health information including interactive quizzes and assessments, a health encyclopedia, video library, guide to the body and its 12 systems, a symptom checker along with health and wellness tools to assess personal health conditions. In 2011, there were over 700,000 visitors to <a href="http://rushcopley.com">rushcopley.com</a>. Copley Memorial Hospital provides a free speaker's bureau to community-based groups and routinely participates and sponsors health fairs aimed at minority populations including the yearly African American Health Fair and the annual Latina Health Festival. Together, these initiatives provided a positive influence for thousands of residents in the communities served by Copley Memorial Hospital. Charity Care - It is an inherent part of the Hospital's mission to provide necessary medical care free of charge, or at a discount, to individuals without insurance or other means of paying for such care. As the amounts determined to qualify for charity care are not pursued for collection, they are not reported as patient service revenue. The Hospital has an established charity care policy and maintains records to identify and monitor the level of charity care it provides. The Hospital provides free care to all patients who apply and support income and asset levels of less than 300% of the current-year poverty level and discounts balances under 600% of the poverty level. Interest-free payment plans are also provided. These charity care records include the estimated cost of unreimbursed services provided and supplies furnished under its charity care policy and the excess of cost over reimbursement for Medicaid patients. The Hospital also monitors the unreimbursed cost of patient bad debts.</p>					





















[illegible][illegible]

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

<b>4e</b>	<b>Total program service expenses</b>	<b>\$ 177,920,074</b>
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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 <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	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	<b>Section 501(c)(3) organizations.</b> 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	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 temporarily restricted endowments, permanent endowments, 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	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</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, Part 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, Part 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.</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> . . . . .	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . . . .	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> All Form 990 filers that operated one or more hospitals must attach audited financial statements . . . . . 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . . . . .	<b>1a</b>	109
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	Yes
<b>2a</b>	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 . . . . .	<b>2a</b>	1,854
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3a</b>	No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	<b>3b</b>	
<b>4a</b>	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 or securities account)? . . . . .	<b>4a</b>	No
<b>b</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.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5c</b>	
<b>6a</b>	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? . . . . .	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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? . . . . .	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7d</b>	0
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966? . . . . .	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>a</b>	Gross income from members or shareholders . . . . .	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . .	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	<b>13a</b>	
<b>b</b>	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>	
<b>c</b>	Enter the aggregate amount of reserves on hand	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	<b>14b</b>	

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	16
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	IL
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	Brenda VanWyhe 2000 Ogden Avenue Aurora, IL 60504 (630) 978-6200

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

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

Form **990** (2011)





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	655,243				
	e	Government grants (contributions)	1e	577,835				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f . . . . .			1,233,078			
Program Service Revenue			Business Code					
	2a	Net Patient Revenue	621110	247,647,803	247,647,803			
	b	Medicaid Tax Revenue	621110	13,466,454	13,466,454			
	c	Other Program Revenue	900099	-1,479,774	-1,479,774			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f . . . . .			259,634,483			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .			3,199,765		3,199,765	
	4	Income from investment of tax-exempt bond proceeds . .			136,796		136,796	
	5	Royalties . . . . .						
	6a	(i) Real		(ii) Personal				
		1,764,893						
		1,399,109						
		365,784						
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss) . . . . .			365,784		365,784	
	7a	(i) Securities		(ii) Other				
		157,978,137		33,334				
		151,935,761		0				
		6,042,376		33,334				
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss) . . . . .			6,075,710		6,075,710	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .		a				
	b	Less direct expenses . . . . .		b				
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .		a				
	b	Less direct expenses . . . . .		b				
c	Net income or (loss) from gaming activities . .							
10a	Gross sales of inventory, less returns and allowances . . . . .		a					
b	Less cost of goods sold . . . . .		b					
c	Net income or (loss) from sales of inventory . .							
Miscellaneous Revenue		Business Code						
11a	Outside Service Rev	621990	617,976	617,976				
b	Gift Shop Revenue	453220	213,434				213,434	
c	Cafeteria Revenue	621990	111,335				111,335	
d	All other revenue . . . . .		-623,837	-632,465			8,628	
e	Total. Add lines 11a-11d . . . . .			318,908				
12	Total revenue. See Instructions . . . . .			270,964,524	259,619,994	0	10,111,452	

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

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 United States See Part IV, line 21	20,545	20,545		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	6,932,166		6,932,166	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	84,140,187	63,115,453	21,024,734	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,467,343	2,600,507	866,836	
9	Other employee benefits	14,884,935	11,163,701	3,721,234	
10	Payroll taxes	7,235,015	5,426,261	1,808,754	
11	Fees for services (non-employees)				
a	Management	4,836,976	3,627,732	1,209,244	
b	Legal	627,439		627,439	
c	Accounting	165,349		165,349	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	117,305	87,979	29,326	
g	Other	3,357,952	2,518,464	839,488	
12	Advertising and promotion	1,194,742	1,194,742		
13	Office expenses	53,469,284	40,101,963	13,367,321	
14	Information technology	9,801,435	7,351,076	2,450,359	
15	Royalties				
16	Occupancy	4,447,766	3,335,824	1,111,942	
17	Travel	113,019	84,764	28,255	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	128,787	96,590	32,197	
20	Interest	7,191,469	7,191,469		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	16,108,420	16,108,420		
23	Insurance	7,289,879	5,467,409	1,822,470	
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	Medicaid Provider Tax	7,125,302	7,125,302		
b	Laundry	813,487	813,487		
c	Consulting	524,892	524,892		
d					
e					
f	All other expenses	397,449	-36,506	433,955	
25	Total functional expenses. Add lines 1 through 24f	234,391,143	177,920,074	56,471,069	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			24,936,230	1	32,064,640
	2	Savings and temporary cash investments . . . . .				2	
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			38,268,349	4	44,464,193
	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)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			4,136,968	8	4,474,935
	9	Prepaid expenses and deferred charges . . . . .			2,916,629	9	9,839,546
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .	10a	316,958,825			
	b	Less: accumulated depreciation . . . . .	10b	180,893,548	136,686,624	10c	136,065,277
	11	Investments—publicly traded securities . . . . .			97,918,642	11	115,889,739
	12	Investments—other securities. See Part IV, line 11 . . . . .				12	
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .				14	
	15	Other assets. See Part IV, line 11 . . . . .			6,640,604	15	24,380,073
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			311,504,046	16	367,178,403
Liabilities	17	Accounts payable and accrued expenses . . . . .			74,513,594	17	108,752,898
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			91,253,999	20	90,552,297
	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 (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .			6,556,475	25	13,820,048
	26	Total liabilities. Add lines 17 through 25 . . . . .			172,324,068	26	213,125,243
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 . . . . .			135,284,712	27	149,675,080
	28	Temporarily restricted net assets . . . . .			3,895,266	28	4,378,080
	29	Permanently restricted net assets . . . . .				29	0
	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 . . . . .			139,179,978	33	154,053,160
	34	Total liabilities and net assets/fund balances . . . . .			311,504,046	34	367,178,403

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	270,964,524
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	234,391,143
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	36,573,381
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	139,179,978
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	-21,700,199
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	154,053,160

**Part XII Financial Statements and Reporting**

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

		Yes	No
<b>1</b>	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		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant?	Yes	
<b>c</b>	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	
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separated basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public  
Inspection

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

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2

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3

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4

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A church, convention of churches, or association of churches

section 170(b)(1)(A)(i).

A school described in

section 170(b)(1)(A)(ii). (Attach Schedule E )

A hospital or a cooperative hospital service organization described in

section 170(b)(1)(A)(iii).

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

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(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

☐

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 )

A federal, state, or local government or governmental unit described in

section 170(b)(1)(A)(v).

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 )

A community trust described in

section 170(b)(1)(A)(vi) (Complete Part II )

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 )

An organization organized and operated exclusively to test for public safety See

section 509(a)(4).

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

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)

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

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

Yes

No

11g(i)

11g(ii)

11g(iii)

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

Part II

Support Schedule for Organizations Described in IRC 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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV ) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))	14					
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15					
16a 33 1/3% support test—2011. 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—2010. 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—2011. 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—2010. 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and <b>stop here</b>						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. 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 <b>stop here</b> . The organization qualifies as a publicly supported organization		
b 33 1/3% support tests—2010. 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 <b>stop here</b> . 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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

2011

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, line 35c (Proxy Tax), then

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

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

Part I-A

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

1

Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2

Political expenditures ▶ \$

3

Volunteer hours

Part I-B

Complete if the organization is exempt under section 501(c)(3).

1

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

2

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

3

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

4a

Was a correction made? ☐ Yes ☐ No

b

If "Yes," describe in Part IV

Part I-C

Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1

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

2

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

3

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

4

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

5

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

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

Part II-A

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

- A

Check

☐

if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- 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) 2008	(b) 2009	(c) 2010	(d) 2011	(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
<b>1</b> 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	<b>a</b> Volunteers?		No	
	<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1 c through 1 i)?		No	
	<b>c</b> Media advertisements?		No	
	<b>d</b> Mailings to members, legislators, or the public?		No	
	<b>e</b> Publications, or published or broadcast statements?		No	
	<b>f</b> Grants to other organizations for lobbying purposes?		No	
	<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		
	<b>j</b> Total lines 1 c through 1 i			34,525
	<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912				
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Part IV, Supplemental Information		Part II-B, Line 1i: Copley Memorial Hospital is a member of various organizations that advocate on legal and policy issues that affect healthcare. A portion of the annual membership dues paid by Copley Memorial Hospital to these organizations is attributable to lobbying activities.

SCHEDULE D  
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b  
Attach to Form 990. See separate instructions.

Name of the organization  
Copley Memorial Hospital Inc  
c/o Rush-Copley Medical Ctr

Employer identification number  
  
36-2170840

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>Yes</div> <div>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>Yes</div> <div>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
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

Yes

No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

Yes

No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$

(ii)

Assets included in Form 990, Part X

▶ \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$

b

Assets included in Form 990, Part X

▶ \$

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

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 . . . . .	10,648,390	9,770,170	9,053,445	8,795,988
b	Contributions . . . . .	1,409,175	878,220	716,725	257,457
c	Investment earnings or losses . . . . .	364,134	1,349,773	613,671	-747,024
d	Grants or scholarships . . . . .				
e	Other expenditures for facilities and programs . . . . .	1,290,495	1,349,773	613,671	-747,024
f	Administrative expenses . . . . .				
g	End of year balance . . . . .	11,131,204	10,648,390	9,770,170	9,053,445

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 62 200 %

c

Term endowment ▶ 37 800 %

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 . . . . .

3a(i)

Yes

No

3a(ii)

Yes

b

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

3b

Yes

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		16,749,318		16,749,318
b Buildings . . . . .		191,596,683	99,324,069	92,272,614
c Leasehold improvements . . . . .				
d Equipment . . . . .		108,415,544	81,569,479	26,846,065
e Other . . . . .		197,280		197,280
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				136,065,277



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)	1270,964,524
2	Total expenses (Form 990, Part IX, column (A), line 25)	2234,391,143
3	Excess or (deficit) for the year Subtract line 2 from line 1	336,573,381
4	Net unrealized gains (losses) on investments	4-6,296,956
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-15,403,243
9	Total adjustments (net) Add lines 4 - 8	9-21,700,199
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	1014,873,182

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements . . . . .	1267,080,727
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments . . . . .2a-6,296,956	
b	Donated services and use of facilities . . . . .2b	
c	Recoveries of prior year grants . . . . .2c	
d	Other (Describe in Part XIV) . . . . .2d2,413,159	
e	Add lines 2a through 2d . . . . .2e-3,883,797	3270,964,524
3	Subtract line 2e from line 1 . . . . .	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .4a	
b	Other (Describe in Part XIV) . . . . .4b	
c	Add lines 4a and 4b . . . . .4c0	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .5270,964,524	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements . . . . .	1242,125,276
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) . . . . .2d7,734,133	
e	Add lines 2a through 2d . . . . .2e7,734,133	3234,391,143
3	Subtract line 2e from line 1 . . . . .	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .4a	
b	Other (Describe in Part XIV) . . . . .4b	
c	Add lines 4a and 4b . . . . .4c0	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .5234,391,143	

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Rush Copley Foundation holds the Voris (income for CMH Cancer Care), Kobisk (Board restricted income to CMH), Copley (income unrestricted) and Dobbins (income for CMH Women's Health) Endowments. These funds are held for the benefit of Copley Memorial Hospital.
Part XI, Line 8 - Other Adjustments		Change in interest in net assets of Foundation 209,341 Swap value adjustment -5,320,974 Transfer of assets to affiliate-net -10,291,610 Total to Schedule D, Part XI, Line 8 -15,403,243
Part XII, Line 2d - Other Adjustments		RCCC revenue to reconcile to CMH corporate not consolidated 4,329,487 RCCC revenue elimination to reconcile to CMH corporate not consolidated 2,020,710 Rental expenses-2020 Ogden POB1 & 1100 W Veterans Pkwy Yorkville POB 1,383,936 Swap value adjustment -5,320,974
Part XIII, Line 2d - Other Adjustments		RCCC expenses to reconcile to CMH corporate not consolidated 6,350,197 Rental expenses-2020 Ogden POB1 & 1100 W Veterans Pkwy Yorkville POB 1,383,936



SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

**Name of the organization**  
Copley Memorial Hospital Inc  
c/o Rush-Copley Medical Ctr

**Employer identification number**  
36-2170840

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," is it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals  <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care  <div><input type="checkbox"/> 100%</div> <div><input type="checkbox"/> 150%</div> <div><input type="checkbox"/> 200%</div> <div><input checked="" type="checkbox"/> Other <u>300.000000000000 %</u></div>	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . .  <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> 250%</div> <div><input type="checkbox"/> 300%</div> <div><input type="checkbox"/> 350%</div> <div><input type="checkbox"/> 400%</div> <div><input checked="" type="checkbox"/> Other <u>600.000000000000 %</u></div>	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"? . . . . .	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.				

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Chanty care at cost (from Worksheet 1) . . . . .			8,375,614		8,375,614	3 570 %
b Medicaid (from Worksheet 3, column a) . . . . .			47,506,857	38,087,510	9,419,347	4 020 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Chanty Care and Means-Tested Government Programs . . . . .			55,882,471	38,087,510	17,794,961	7 590 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			488,817		488,817	0 210 %
f Health professions education (from Worksheet 5) . . . . .			2,926,480	622,791	2,303,689	0 980 %
g Subsidized health services (from Worksheet 6) . . . . .						
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			20,545		20,545	0 010 %
j <b>Total</b> Other Benefits . . . . .			3,435,842	622,791	2,813,051	1 200 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			59,318,313	38,710,301	20,608,012	8 790 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	23,540,541	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	2,354,054	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	68,342,536	
6Enter Medicare allowable costs of care relating to payments on line 5	6	80,518,219	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-12,175,683	
8Describe 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

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

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

## Section A. Hospital Facilities

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

## Name and address

[illegible]

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)

Copley Memorial Hospital

Name of Hospital Facility:

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 2011)		
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 those 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 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"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in 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 CHNA 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? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>600 0000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	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) a <input checked="" type="checkbox"/> Income level b <input checked="" 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)	11	Yes	
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) 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 checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

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 (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP 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 or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged 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 similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input 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 type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy 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 why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
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)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
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	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI	21	No

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 4

Name and address		Type of Facility (Describe)
1	River West Radiation Center LLC 1221 N Highland Avenue Aurora, IL 605044206	JV Oncology
2	Community Alliance Home Health 4050 Healthway Drive Aurora, IL 605044206	JV Home Health
3	Rush-Copley Healthcare Center 1100 West Veterans Parkway Yorkville, IL 60560	Convenient Care
4	Rush-Copley Cardiovascular Consultants 2000 Ogden Avenue Aurora, IL 605044206	Cardiovascular Services
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7 A cost accounting system was used to calculate the amounts reported in the table and a cost to charge ratio was utilized The cost accounting system addresses all patient segments (Inpatient, Outpatient, Emergency Room, Private Insurance, Medicaid, Medicare, Uninsured and Self-Pay



Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 Net patient service revenue is reported at the estimated net realizable amounts from third-party payors, patients, and others for services rendered The Hospital has agreements with third-party payors that provide for payments at amounts different from established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges, including estimated retroactive settlements under payment agreements with third-party payors The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered Provisions for adjustments to net patient service revenue are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue based on its discounted rates On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the period from these major payor sources, is as follows Patient Service Revenue (Net of Contractual Allowances and Discounts) Third-Party PayorsFiscal year 2012 - \$265,679Fiscal year 2011 - \$254,246Self-PayFiscal year 2012 - \$22,180Fiscal year 2011 - \$16,757Total All PayorsFiscal year 2012 - \$287,859Fiscal year 2011 - \$271,003Patient accounts receivable are based on gross charges and stated at net realizable value Accounts receivable are reduced by an allowance for contractual adjustments, based on expected payment rates from payors under current reimbursement methodologies, and also by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate appropriate allowance for doubtful accounts and provision for uncollectible accounts based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for contractual adjustments and allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the discounted rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts in the period they are determined uncollectible The Hospital's allowance for doubtful accounts for self-pay patients increased from 33% of self-pay accounts receivable at June 30, 2011, to 34% of self-pay accounts receivable as of June 30, 2012 In addition, the Hospital's self-pay write-offs decreased by \$5,006, from \$29,597 for fiscal year 2011 to \$24,591 for fiscal year 2012 The increase in percent of self-pay accounts was due to higher self-pay volumes The decrease in self-pay write-offs was due to an increase in patients qualifying for charity The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors Bad debt amounts reported on Part III, Line 2 are reported at charges</p>

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

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

Identifier	ReturnReference	Explanation
Copley Memorial Hospital		Part V, Section B, Line 13g A summary of the FAP policy is available on the website and at the hospital emergency room and admissions areas

Identifier	ReturnReference	Explanation
Copley Memorial Hospital		Part V, Section B, Line 19d Self Pay discount of 30% applied to the same total charges billed to all patients

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

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

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



Identifier	ReturnReference	Explanation
		Part VI, Line 5 Copley Memorial Hospital's mission is to provide advanced medicine with quality outcomes and extraordinary care To that end, the Medical Center seeks to serve the community in ways that engage, educate and empower Copley Memorial Hospital serves all patients who present for care and serves the surrounding community along with a Board of Directors with a strong community base The Board Members are independent community leaders and are selected based upon their expertise and experience in a variety of areas of benefit to the organization and their role as Board Members who direct and guide management in carrying out our mission Board Members are not compensated for their service As a charitable organization, all surplus funds are used to further our charitable purpose, mission and to serve the community Some of our primary programs are community health fairs, breastfeeding education classes, child care classes, etc Copley Memorial Hospital provides access to physician, acute care, diagnostic, and rehabilitative services to people, regardless of ability to pay, through a number of facilities and services located throughout the service area It provides programming relating to health education, prevention, and support targeted to specific populations Medical education extends to clinical settings for nursing education and a family practice residency Employees fill board and committee leadership positions for a number of economic development and social service agencies in communities throughout the service area

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Copley Memorial Hospital has an affiliation with Rush University Medical Center that covers governance and other organizational relationships Both organizations are parties to a master trust indenture that established an obligated group for purposes of issuing long-term debt

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

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
Copley Memorial Hospital Inc  
c/o Rush-Copley Medical Ctr

Employer identification number  
  
36-2170840

Part I

Questions Regarding Compensation

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

Part II

Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

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
	Part I, Line 1a	Three officers, one director, seven key employees, one former key employee, and five highest compensated employees receive gross-up payments related to benefit plans. The gross-up payments made were in relation to a program that was discontinued in 2011. Such payments are no longer provided by the organization. The organization provides to all employees the use of an athletic facility that is owned and operated by a related tax exempt organization.
	Part I, Line 4b	SERP PLAN of CMH (Accruals): Barry Finn \$318,499, Mary Shilkaitis \$35,250, John Diederich \$112,003, Steve Lowenthal \$0, Dennis DeMasie \$36,412, Diane Homan \$50,215, Brenda VanWyhe \$37,323, Gail Bumgarner \$37,117 and Ryan Asmus \$27,620. Please note that these amounts are included in the amounts listed on Schedule J, Part II, Column C. There is no constructive receipt of these amounts by the individuals until they are paid out as they are subject to a substantial risk of forfeiture. Any individual payouts would be included as reportable compensation on the recipient's annual W2 form. There were no payouts in 2011.
	Part I, Line 7	Incentive bonus plan based on a series of approved strategic accomplishments.
Supplemental Information	Part III	Part II, Column (B)(ii), Barry Finn Bonus & incentive compensation. A portion of this bonus payment was for performance provided over a five year time period, which was equivalent to \$100,000 a year.
Supplemental Information	Part III	Part II, Column (B)(ii), Physician Bonus & incentive compensation. Physician bonuses were paid based on individual productivity goals.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Santosh Gill MD	(i) (ii)	345,497 0	157,912 0	62,876 0	13,853 0	41,896 0	622,034 0	0 0
Barry Finn	(i) (ii)	563,803 0	810,624 0	89,373 0	332,445 0	40,837 0	1,837,082 0	0 0
Brenda VanWyhe	(i) (ii)	219,498 0	94,275 0	6,403 0	49,870 0	23,513 0	393,559 0	0 0
Ryan Asmus	(i) (ii)	164,243 0	86,190 0	7,847 0	35,024 0	32,871 0	326,175 0	0 0
Steve Lowenthal MD	(i) (ii)	374,699 0	192,001 0	57,168 0	13,946 0	31,165 0	668,979 0	0 0
John Diederich	(i) (ii)	293,278 0	146,700 0	25,798 0	125,949 0	33,811 0	625,536 0	0 0
Diane Homan MD	(i) (ii)	267,337 0	138,493 0	31,586 0	63,544 0	37,172 0	538,132 0	0 0
Dennis DeMasie	(i) (ii)	207,288 0	109,512 0	12,747 0	48,329 0	37,239 0	415,115 0	0 0
Mary Shilkaitis	(i) (ii)	201,743 0	105,963 0	10,032 0	46,676 0	35,014 0	399,428 0	0 0
Gail Bumgarner	(i) (ii)	227,630 0	101,430 0	14,526 0	49,363 0	14,498 0	407,447 0	0 0
Barbara Graham	(i) (ii)	148,234 0	62,850 0	6,659 0	6,873 0	12,546 0	237,162 0	0 0
Suzanne Sterchi	(i) (ii)	146,084 0	4,750 0	680 0	7,181 0	24,704 0	183,399 0	0 0
Sepehr Sanj MD	(i) (ii)	630,621 0	400,000 0	147,699 0	13,946 0	11,727 0	1,203,993 0	0 0
Todd Guynn MD	(i) (ii)	697,950 0	0 0	65,060 0	13,946 0	45,547 0	822,503 0	0 0
Teressa Alexander MD	(i) (ii)	263,229 0	272,777 0	27,493 0	13,946 0	40,759 0	618,204 0	0 0
Edward Lipman MD	(i) (ii)	344,247 0	179,432 0	8,357 0	13,946 0	33,566 0	579,548 0	0 0
Vijay Shah MD	(i) (ii)	344,247 0	148,529 0	23,071 0	13,146 0	41,670 0	570,663 0	0 0

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
Copley Memorial Hospital Inc  
c/o Rush-Copley Medical Ctr

Employer identification number  
36-2170840

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Illinois Finance Authority	86-1091967	45200FHN2	05-28-2008	34,772,005	See Part VI		X		X		X
B Illinois Finance Authority	86-1091967	45200FTZ2	02-10-2009	34,075,527	Construction of Replace Hosp & ICU addition		X		X		X
C Illinois Finance Authority	86-1091967	45200FYT0	07-29-2009	25,912,180	New Construction Hospital Campus		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds defeased								
3	Total proceeds of issue	34,772,005		34,075,527		25,912,180			
4	Gross proceeds in reserve funds	3,099,542		3,413,692		2,585,732			
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	540,878		498,260		401,472			
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	34,231,127		32,745,950		22,919,490			
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2009				2009			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X		X		
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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



Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☒ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule K Supplemental Information		Schedule K, Part I, line A, column (e) Issue Price of bonds of \$34,772,005 does not tie to Form 8038 Part III Line 21(b) of \$98,278,724 This is because the \$34,772,005 is Copley Memorial Hospital's 35 38% prorata share of the \$98,278,724 Obligated Group amount issued Schedule K, Part I, line A, column (f) The Series 2006B Fixed Rate bonds currently refunded (as a reissuance) the Series 2006B Auction Rate bonds issued 8/17/2006, which were issued to refund pre-2003 bond issues

**2011**

**Open to Public  
Inspection**

**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.**

Name of the organization  
Copley Memorial Hospital Inc  
c/o Rush-Copley Medical Ctr

**Employer identification number**

36-2170840

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	Many of the persons listed on Part VII have a "business relationship" with each other by virtue of sitting on related Rush-Copley Medical Center entity boards Barry Finn, CMH President & CEO/Director, and William Skoglund, CMH Vice Chairman of the Board/Director, have a business relationship Barry Finn is a board member at Old Second National Bank and William Skoglund is the Chairman and CEO at Old Second National Bank. Mr Skoglund does not serve on Copley Memorial Hospital's compensation committee and has recused himself from any discussions or votes that involve Mr Finn's salary

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

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

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

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

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

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



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

Identifier	Return Reference	Explanation
Average hours devoted to related organizations	Form 990, Part VII, Section A	1 hour per week devoted to related organization (Rush Copley Medical Center)- Barry Finn, Brenda VanWyhe, Ryan Asmus, Lynn Scott, Santosh Gill, M D , Mark Metzger, William Skoglund, Trish Anen, Cati Cederoth, Bruce Dienst, Richard Edelman, Tom Fisher, Dennis Keane, Herbert Knight, Ronald Hem, John Lies, Maryanne Locklin, Dave Mead, Avery Miller, Jerome Roberts, Christine Sobek, Suresh Velagapudi 1 hour per week devoted to related organization (Copley Ventures)- Barry Finn, Brenda VanWyhe, Ryan Asmus, Lynn Scott, John Diedrich 1 hour per week devoted to related organization (Rush Copley Foundation)- Barry Finn, Brenda Vanwyhe, Ryan Asmus, Christine Weincek

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -6,296,956 Change in interest in net assets of Foundation 209,341 Swap value adjustment -5,320,974 Transfer of assets to affiliate-net -10,291,610 Total to Form 990, Part XI, Line 5 -21,700,199

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
Copley Memorial Hospital Inc  
c/o Rush-Copley Medical Ctr

Employer identification number  
  
36-2170840

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Rush Copley Medical Center Inc  2000 Ogden Avenue  Aurora, IL 60504 36-3193787	Parent Company	IL	501(c)(3)	11A	N/A		No
(2) Rush Copley Health Care System Inc  2000 Ogden Avenue  Aurora, IL 60504 36-3584043	Bridge Board RCMC & RUMC	IL	501(c)(3)	11A	N/A		No
(3) Rush-Copley Foundation  2000 Ogden Avenue  Aurora, IL 60504 36-3093877	Grants to Charitable Organizations	IL	501(c)(3)	7	Rush-Copley Medical Center Inc	Yes	
(4) Copley Ventures Inc  2000 Ogden Avenue  Aurora, IL 60504 36-3370216	Rental Prop , Infirmary care, and Healthplex Fitness Center	IL	501(c)(3)	3	Rush-Copley Medical Center Inc	Yes	
(5) Rush University Medical Center  1700 West Van Buren Street  Chicago, IL 60612 36-2174823	Hospitals	IL	501(c)(3)	3	N/A		No

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) 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) Yorkville Physical Therapy & Sports Medicine Center LLC  2000 Ogden Avenue Aurora, IL 60504 36-4236345	Physical Therapy & Sports Medicine	IL	N/A									
(2) Rush Copley Cardiovascular Consultants LLC  2000 Ogden Avenue Aurora, IL 60504 27-3234201	Cardiovascular Medicine	IL	Copley Medical Center Inc	Related	-20,202	3,424,233		No			No	100 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Rush Copley Medical Group NFP 2000 Ogden Avenue Aurora, IL 60504 36-3235315	Physician Practices	IL	Rush-Copley Medical Center Inc	C	-4,869,291	6,647,800	100 000 %

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

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

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

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

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

m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h Yes

1i No

1j Yes

1k No

1l No

1m No

1n No

1o No

1p No

1q Yes

1r No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Rush Copley Medical Group NFP	A	998,329	Fair Market Value
(2) Rush Copley Foundation	C	655,243	Fair Market Value
(3) Rush Copley Medical Center Inc	H	10,291,610	Fair Market Value
(4) Copley Ventures Inc	J	569,325	Fair Market Value
(5) Copley Ventures Inc	Q	468,000	Fair Market Value
(6)			

Schedule R (Form 990) 2011

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	
------------	------------------	-------------	--



# Copley Memorial Hospital, Inc.

Financial Statements as of and for the  
Years Ended June 30, 2012 and 2011,  
and Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

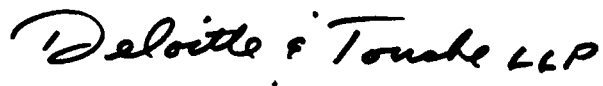
To the Board of Directors of  
Copley Memorial Hospital, Inc

We have audited the accompanying balance sheets of Copley Memorial Hospital, Inc (the "Hospital"), as of June 30, 2012 and 2011, and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Hospital as of June 30, 2012 and 2011, and the results of its operations and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Medical Center adopted the presentation and disclosure requirements of Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for certain Health Care Entities*, and changed its presentation of the provision for bad debts. Additionally, the Medical Center adopted the presentation requirements ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, and changed its presentation of insurance claim liabilities and anticipated insurance recoveries.



October 25, 2012

# COPLEY MEMORIAL HOSPITAL, INC.

## BALANCE SHEETS AS OF JUNE 30, 2012 AND 2011 (Dollars in thousands)

	2012	2011		2012	2011
<b>ASSETS</b>			<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	\$ 32,521	\$ 25,472	Accounts payable	\$ 15,113	\$ 11,715
Marketable securities	-	15,461	Accrued expenses	16,852	15,481
Accounts receivable for patient services — net of allowance for doubtful accounts of \$6,645 and \$5,226 in 2012 and 2011, respectively	45,256	39,021	Accrued liabilities under retained risk insurance programs	7,082	369
Other current assets	<u>14,315</u>	<u>7,061</u>	Estimated third-party settlements payable	35,500	34,001
			Current portion of long-term debt	<u>771</u>	<u>738</u>
Total current assets	<u>92,092</u>	<u>87,015</u>	Total current liabilities	<u>75,318</u>	<u>62,304</u>
<b>ASSETS WHOSE USE IS LIMITED — Investments</b>			<b>LONG-TERM LIABILITIES</b>		
Held by trustee under bond indenture	9,080	9,168	Accrued liabilities under retained risk insurance programs	37,290	14,193
Interest in net assets of the Foundation	4,105	3,895	Long-term debt — less current portion	90,552	91,254
Other restricted investments	<u>1,680</u>	<u>-</u>	Fair value of swaps	10,460	5,139
			Other long-term liabilities	<u>3,375</u>	<u>1,425</u>
Total assets whose use is limited	<u>14,865</u>	<u>13,063</u>	Total long-term liabilities	<u>141,677</u>	<u>112,011</u>
<b>INVESTMENTS — Less current portion</b>	101,025	69,394	Total liabilities	<u>216,995</u>	<u>174,315</u>
<b>PROPERTY AND EQUIPMENT — Net of accumulated depreciation of \$181,188 and \$164,811 as of June 30, 2012 and 2011, respectively</b>	136,582	137,260	<b>NET ASSETS</b>		
			Unrestricted	149,675	135,285
<b>OTHER ASSETS</b>	<u>26,485</u>	<u>6,763</u>	Temporarily restricted	<u>4,379</u>	<u>3,895</u>
<b>TOTAL</b>	<u>\$371,049</u>	<u>\$313,495</u>	Total net assets	<u>154,054</u>	<u>139,180</u>
			<b>TOTAL</b>	<u>\$371,049</u>	<u>\$313,495</u>

See notes to financial statements

# **COPLEY MEMORIAL HOSPITAL, INC.**

## **STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**(Dollars in thousands)**

	<b>2012</b>	<b>2011</b>
REVENUE		
Patient service revenue (net of contractual allowances and discounts)	\$ 287,859	\$ 271,003
Provision for uncollectible accounts	<u>(22,415)</u>	<u>(25,601)</u>
Net patient service revenue	265,444	245,402
Other revenue	<u>3,355</u>	<u>5,087</u>
Total revenue	<u>268,799</u>	<u>250,489</u>
EXPENSES		
Salaries, wages, and employee benefits	122,190	113,252
Supplies, utilities, and other	63,278	59,177
Insurance	7,290	8,185
Purchased services	25,443	21,945
Depreciation and amortization	16,733	16,554
Interest	<u>7,191</u>	<u>7,163</u>
Total expenses	<u>242,125</u>	<u>226,276</u>
OPERATING INCOME	<u>26,674</u>	<u>24,213</u>
NONOPERATING INCOME (EXPENSE)		
Investment income	2,945	8,732
Change in fair market value of interest rate swaps	(5,321)	993
Other	<u>70</u>	<u>54</u>
Total nonoperating (expense) income	<u>(2,306)</u>	<u>9,779</u>
EXCESS OF REVENUE OVER EXPENSES	24,368	33,992
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Net assets released from restrictions used for capital	10	24
Net assets released from restrictions used for capital — grants	304	-
Transfer of assets to affiliates — net	<u>(10,292)</u>	<u>(8,735)</u>
INCREASE IN UNRESTRICTED NET ASSETS	14,390	25,281
TEMPORARILY RESTRICTED NET ASSETS — Change in interest in net assets of Foundation and contributions received	210	878
Contributions received — grants	578	-
Grants — amounts released from restriction	<u>(304)</u>	<u>-</u>
INCREASE IN NET ASSETS	14,874	26,159
NET ASSETS — Beginning of year	<u>139,180</u>	<u>113,021</u>
NET ASSETS — End of year	<u>\$ 154,054</u>	<u>\$ 139,180</u>

See notes to financial statements

# **COPLEY MEMORIAL HOSPITAL, INC.**

## **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (Dollars in thousands)**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 14,874	\$ 26,159
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Transfer from affiliates — net	10,282	8,711
IDPH grant expended for purchase of property and equipment	(304)	-
Depreciation and amortization	16,733	16,554
Provision for uncollectible accounts	22,415	25,601
Change in fair value of interest rate swaps	5,321	(993)
Realized/unrealized gains(losses) on trading investments	232	(6,280)
Changes in assets and liabilities		
Increase in accounts receivable for patient services	(28,650)	(29,712)
Increase in accounts payable and accrued expenses	36,481	8,851
Increase in estimated third-party settlements payable	1,500	5,197
Other	(27,141)	(1,921)
Net cash provided by operating activities	<u>51,743</u>	<u>52,167</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(15,775)	(19,267)
Sales of securities designated as trading	175,343	49,083
Purchases of securities designated as trading	(193,546)	(56,138)
Net cash used in investing activities	<u>(33,978)</u>	<u>(26,322)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long-term debt	-	(1,273)
IDPH grant received for purchase of property and equipment	304	-
Payment of capital lease obligations	(738)	(707)
Transfer to affiliates — net	(10,282)	(8,711)
Net cash used in financing activities	<u>(10,716)</u>	<u>(10,691)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,049</b>	<b>15,154</b>
<b>CASH AND CASH EQUIVALENTS — Beginning of year</b>	<b><u>25,472</u></b>	<b><u>10,318</u></b>
<b>CASH AND CASH EQUIVALENTS — End of year</b>	<b><u>\$ 32,521</u></b>	<b><u>\$ 25,472</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 7,086</u>	<u>\$ 6,810</u>
Noncash additions to property and equipment	<u>\$ 47</u>	<u>\$ 789</u>

See notes to financial statements

# **COPLEY MEMORIAL HOSPITAL, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**(Dollars in thousands)**

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### **1. ORGANIZATION AND BASIS OF CONSOLIDATION**

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

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

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

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

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

Selected financial information of the Obligated Group as of and for the years ended June 30, 2012 and 2011, is as follows

	2012	2011
Total assets	\$3,065,369	\$2,943,532
Total liabilities	<u>1,556,785</u>	<u>1,486,456</u>
Total net assets	<u>\$1,508,584</u>	<u>\$1,457,076</u>
Total revenue	\$1,746,660	\$1,676,334
Total expenses	<u>1,677,675</u>	<u>1,578,251</u>
Operating income	68,985	98,083
Nonoperating income	<u>(1,547)</u>	<u>33,383</u>
Excess of revenue over expenses	<u>\$ 67,438</u>	<u>\$ 131,466</u>
Increase in unrestricted net assets	<u>\$ 96,682</u>	<u>\$ 258,606</u>
Net cash provided by (used in)		
Operating activities	\$ 110,151	\$ 151,290
Investing activities	(194,994)	(193,569)
Financing activities	<u>61,238</u>	<u>28,264</u>
Net decrease in cash and cash equivalents	<u>\$ (23,605)</u>	<u>\$ (14,015)</u>

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

**Accounts** — Net patient service revenue is reported at the estimated net realizable amounts from third-party payors, patients, and others for services rendered. The Hospital has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges, including estimated retroactive settlements under payment agreements with third-party payors.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Provisions for adjustments to net patient service revenue are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue based on its discounted rates. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the period from these major payor sources, is as follows:

<b>Patient Service Revenue (Net of Contractual Allowances and Discounts)</b>	<b>Third-Party Payors</b>	<b>Self-Pay</b>	<b>Total All Payors</b>
Fiscal year 2012	\$ 265,679	\$ 22,180	\$ 287,859
Fiscal year 2011	254,246	16,757	271,003

Patient accounts receivable are based on gross charges and stated at net realizable value. Accounts receivable are reduced by an allowance for contractual adjustments, based on expected payment rates from payors under current reimbursement methodologies, and also by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate appropriate allowance for doubtful accounts and provision for uncollectible accounts based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for contractual adjustments and allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

The difference between the discounted rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts in the period they are determined uncollectible.



The Hospital's allowance for doubtful accounts for self-pay patients increased from 33% of self-pay accounts receivable at June 30, 2011, to 34% of self-pay accounts receivable as of June 30, 2012. In addition, the Hospital's self-pay write-offs decreased by \$5,006, from \$29,597 for fiscal year 2011 to \$24,591 for fiscal year 2012. The increase in percent of self-pay accounts was due to higher self-pay volumes. The decrease in self-pay write-offs was due to an increase in patients qualifying for charity. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

**Charity Care** — It is an inherent part of the Hospital's mission to provide necessary medical care free of charge, or at a discount, to individuals without insurance or other means of paying for such care. As the amounts determined to qualify for charity care are not pursued for collection, they are not reported as net patient service revenue. Patients who would otherwise qualify for charity care but who do not provide adequate information would be characterized as bad debt and included in the provision for uncollectible accounts. The Hospital also incurs losses related to the unreimbursed costs of providing services to Medicaid patients.

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

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

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

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

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

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

**Other Assets** — Other assets include investments in joint ventures accounted for on the equity basis (see Note 15), debt issuance costs (net of amortization which is computed on the straight-line basis over the estimated useful life of the related debt), and insurance recoveries. The amortization related to bond issue costs was \$93 and \$93 in 2012 and 2011, respectively.

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

**Capitalized Interest** — Interest expense, net of interest income, incurred during the construction of major projects from bond proceeds, is capitalized during the construction period. Such capitalized interest is amortized over the depreciable life of the related assets on a straight-line basis. Capitalized interest was \$117 and \$149 in 2012 and 2011, respectively.

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

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

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

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

**New Accounting Pronouncements** — The Hospital adopted Financial Accounting Standards Board (FASB) guidance related to the presentation and disclosure of patient service revenue, provision for uncollectible accounts, and the allowance for doubtful accounts for certain health care entities (codified as Accounting Standards Update No. 2011-07) for the year ended June 30, 2012. The standard establishes accounting and disclosure requirements for health care entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entity does not assess a patient's ability to pay. Specifically, the guidance requires that health care entities present bad debt expense associated with net patient service revenue as an offset to net patient service revenue within the statements of operations and changes in net assets. Certain reclassifications have been made to prior-year amounts in order to conform to this current-year presentation. Additionally, the guidance requires enhanced disclosures to be provided on a prospective basis, and have therefore been presented for the year ended June 30, 2012.

The Hospital adopted FASB guidance to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care (codified as Accounting Standards Update No. 2010-23). Specifically, this guidance requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. Furthermore, this amendment requires the disclosure of the method used to identify or determine the costs. This guidance is effective for the Hospital in fiscal year 2012 and does not have a material impact to the financial statements.

The Hospital adopted FASB guidance related to the accounting by health care entities for medical malpractice claims and similar liabilities and their related anticipated insurance recoveries (codified as Accounting Standards Update No. 2010-24). Specifically, this amendment clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. This guidance is effective for the Hospital in fiscal year 2012 with retrospective application optional. The adoption of this guidance resulted in an increase in insurance recovery receivable of \$26,532 with an offsetting increase in accrued liability under self insurance programs at June 30, 2012. The Hospital elected not to apply the guidance retrospectively.

**Consideration of Events Subsequent to the Balance Sheet Date** — The Hospital has evaluated events occurring subsequent to the balance sheet date through October 25, 2012, the date the financial statements were available to be issued. In September 2012, the Hospital acquired an imaging center for approximately \$7,300. In September 2012, the Hospital signed a letter of intent to sell and leaseback a physician office building. The sale price is expected to be approximately \$25,800. The sale is anticipated to close in the second quarter of 2013.

### 3. NET PATIENT SERVICE REVENUE

The mix of net patient service revenue from patients and third-party payors for the years ended June 30, 2012 and 2011, was as follows:

	2012	2011
Medicare	22 %	21 %
Medicaid	8	9
Blue Cross	24	26
Managed care	24	25
Commercial and self-pay	<u>22</u>	<u>19</u>
Total	<u>100 %</u>	<u>100 %</u>

Changes in estimates relating to prior periods increased (decreased) net patient service revenue by \$1,926 and \$(368) during the years ended June 30, 2012 and 2011, respectively. Laws and regulations governing government and other payment programs are complex and subject to interpretation. As a result, there is a reasonable possibility that recorded settlements could change by a material amount.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to review and interpretation as well as regulatory actions unknown and unasserted at this time. Federal government activity continues with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayment of previously billed and collected revenues from patient services. Management believes that the Hospital is in substantial compliance with current laws and regulations.

#### 4. CHARITY CARE

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

In December 2008, the centers for Medicare and Medicaid services approved the Illinois Hospital Assessment Program (the "Program") to improve Medicaid reimbursement for Illinois hospitals. This program increased net patient service revenues in the form of additional Medicaid payments and increased supplies, utilities, and other expense through a tax assessment from the state of Illinois. The net benefit to the Hospital from this program was \$6.341 during each of the years ended June 30, 2012 and 2011. For the years ended June 30, 2012 and 2011, the Medicaid payment of \$13.466 was included in net patient service revenue, representing 5% of the total balance, and the tax assessment of \$7.125 was included in supplies, utilities, and other expense. The Program is approved through June 30, 2014, however, the future of the Program is uncertain.

The level of charity care provided for the years ended June 30, 2012 and 2011, is as follows:

	2012	2011
Excess of allocated cost over reimbursement for services provided to Hospital Medicaid patients — net of net benefit under the Program	\$ 9.394	\$ 8.224
Estimated costs and expenses incurred to provide charity care in the Hospital	<u>8.808</u>	<u>5.055</u>
Total	<u>\$ 18.202</u>	<u>\$ 13.279</u>

The total number of patients either provided charity care directly by the Hospital or that were covered by the Medicaid program represented 28.7% and 28.5% of the Hospital's total patients in 2012 and 2011, respectively.

Beyond the cost to provide charity care and unreimbursed services to hospital Medicaid patients, the Hospital also provides substantial additional benefits to the community including educating future health care providers, supporting research into new treatments for disease, and providing subsidized medical services in response to community and health care needs as well as other volunteer services. These community services are provided free of charge or at a fee below the cost of providing them.

## 5. INVESTMENTS AND MARKETABLE SECURITIES

Investments and marketable securities consist primarily of marketable equity and debt securities, which are held in investment pools to satisfy the investment objectives for which the assets are held or to satisfy donor restrictions. Investments, at estimated fair value, at June 30, 2012 and 2011, were as follows

	2012				
	Held by Trustee under Bond Indenture	Interest in Net Assets of Foundation	Marketable Securities	Other Restricted Investments	Unrestricted Long Term
Cash and cash equivalents	\$ 1,467	\$ 11	\$ -	\$ 278	\$ 334
Government securities	7,613	-	-	-	-
Fixed income mutual funds	-	2,164	-	418	53,775
Equity mutual funds	-	1,930	-	985	46,916
Total	9,080	4,105	-	1,680	101,025
Investments — current	-	-	-	-	-
Investments — noncurrent	<u>\$ 9,080</u>	<u>\$ 4,105</u>	<u>\$ -</u>	<u>\$ 1,680</u>	<u>\$ 101,025</u>
	2011				
	Held by Trustee under Bond Indenture	Interest in Net Assets of Foundation	Marketable Securities	Other Restricted Investments	Unrestricted Long Term
Cash and cash equivalents	\$ 2,507	\$ -	\$ 71	\$ -	\$ 306
Government securities	6,661	-	6,621	-	4,578
Corporate bonds	-	-	8,183	-	7,269
Mutual funds securities	-	-	586	-	48,132
Common and preferred stocks	-	3,895	-	-	9,109
Total	9,168	3,895	15,461	-	69,394
Investments — current	-	-	15,461	-	-
Investments — noncurrent	<u>\$ 9,168</u>	<u>\$ 3,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,394</u>

The composition and presentation of investment income and the change in unrealized gains and losses investments for the years ended June 30, 2012 and 2011, are as follows

	2012	2011
Interest and dividends	\$ 3,314	\$ 2,699
Unrealized (losses) gains on trading securities	(6,297)	5,353
Net realized gains on sales of securities	<u>6,065</u>	<u>927</u>
	<u>\$ 3,082</u>	<u>\$ 8,979</u>
Reported as		
Other operating revenue	\$ 137	\$ 247
Nonoperating income	<u>2,945</u>	<u>8,732</u>
	<u>\$ 3,082</u>	<u>\$ 8,979</u>

## 6. FAIR VALUE MEASUREMENTS

As of June 30, 2012 and 2011, the Hospital held certain assets and liabilities that are required to be measured at fair value on a recurring basis, including cash and cash equivalents, certain restricted, trustee, and other investments, derivative instruments, and beneficial interests in trusts

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

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

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

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

The following table presents the assets and liabilities measured at fair value on a recurring basis as of June 30, 2012, by the fair value hierarchy defined above

<b>Fair Value Measurements as of June 30, 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
<b>Assets:</b>				
Cash and equivalents	\$ -	\$ 2,090	\$ -	\$ 2,090
Fixed income securities:				
U.S. government securities	-	7,613	-	7,613
Mutual fund securities:				
Moderate allocation (a)	10,582	-	-	10,582
Intermediate-term bond	38,556	-	-	38,556
Domestic equity	25,466	-	-	25,466
International value	6,569	-	-	6,569
International growth	6,743	-	-	6,743
International blend	4,271	-	-	4,271
Fixed income	10,399	-	-	10,399
Commingled trust (b)	-	3,601	-	3,601
<b>Total assets at fair value</b>	<b><u>\$ 102,586</u></b>	<b><u>\$ 13,304</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 115,890</u></b>
<b>Liabilities — Obligations under interest rate swap agreements</b>	<b><u>\$ -</u></b>	<b><u>\$ 10,460</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,460</u></b>
<b>Total liabilities at fair value</b>	<b><u>\$ -</u></b>	<b><u>\$ 10,460</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,460</u></b>

- (a) This class includes investments in mutual funds that allocate assets among equity and fixed income investments, and includes \$6,985 (66%) in fixed income securities and \$3,598 (34%) in equity securities at June 30, 2012
- (b) Pinnacle Small-Mid Cap Equity Fund allocation of \$2,199 is as follows US (87%), Non-US (4%), and Cash (9%)  
SERP Fund allocation of \$1,402 is as follows US Fixed Income (30%) and US Equity (70%)

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

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

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

(b) This class includes investments in mutual funds that allocate assets among equity and fixed income investments, and includes \$9.807 (43.6%) in fixed income securities and \$12.685 (56.4%) in equity securities at June 30, 2011

During the period there was a shift out of level 2 corporate bonds to level one mutual funds

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

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

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

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



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

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

## 7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2012 and 2011, consisted of the following:

Land and buildings	\$ 208,347	\$ 199,120
Equipment	109,226	101,419
Construction in progress	<u>197</u>	<u>1,532</u>
	317,770	302,071
Less accumulated depreciation	<u>(181,188)</u>	<u>(164,811)</u>
Property and equipment — net	<u>\$ 136,582</u>	<u>\$ 137,260</u>

## 8. LONG-TERM DEBT

The Hospital's long-term debt is issued under a Master Trust Indenture that established an Obligated Group comprised of RUMC and RCMC. The Obligated Group is jointly and severally liable for the obligations issued under the Master Trust Indenture. Each Obligated Group member is expected to pay its allocated share of the debt issued on its behalf. Total Obligated Group debt as of June 30, 2012 and 2011 is 614,370 and 618,920, respectively. At June 30, 2012 and 2011, such issuances are secured by a pledge of gross receipts and a mortgage on primary health care facilities, as defined, of the Obligated Group members.

A summary of the Hospital's long-term debt at June 30, 2012 and 2011, is as follows

	Interest Rates	Final Maturity Date	Amount Outstanding	
			2012	2011
Illinois Finance Authority Revenue Bonds				
Fixed rate revenue bonds				
Series 2009 D	6.50 %	November 1, 2039	\$ 26,200	\$ 26,200
Series 2009 B	7.25 %	November 1, 2038	35,355	35,355
Series 2006 B	5.00 % to 5.75 %	November 1, 2035	<u>29,700</u>	<u>29,700</u>
Total fixed rate and tax-exempt debt			91,255	91,255
Capital lease obligations			<u>1,852</u>	<u>2,590</u>
Total par value of debt			93,107	93,845
Less current portion of long-term debt			(771)	(738)
Net discount and premium			<u>(1,784)</u>	<u>(1,853)</u>
Long-term debt			<u>\$ 90,552</u>	<u>\$ 91,254</u>
Estimated fair value based on quoted market prices and other relevant information			<u>\$102,772</u>	<u>\$98,931</u>

Annual maturities of the Hospital's outstanding long-term debt for the years ending June 30, 2012, are as follows

Years Ending June 30	
2013	\$ -
2014	-
2015	-
2016	-
2017	-
Thereafter	<u>91,255</u>
Total	<u>\$ 91,255</u>

A summary of future long-term capital lease principal payments as of June 30, 2012, is as follows

June 30	Amount
2013	\$ 771
2014	805
2015	276
2016	-
2017	<u>-</u>
Total	<u>\$ 1,852</u>

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

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

The Obligated Group had a \$50 million short-term line of credit with a bank as of June 30, 2012 and 2011. This line was extended during fiscal year 2011 through December 2012. As of June 30, 2012, the Obligated Group had no amounts outstanding on this line of credit. The Obligated Group also had a \$100 million short-term line of credit with a bank as of June 30, 2012 and 2011. This line of credit was extended, during fiscal year 2011 through 2013. Any borrowings on this short-term line of credit are due and payable in 180 days. As of June 30, 2012 and 2011, the Obligated Group had no amounts outstanding on this line of credit.

Under its various indebtedness agreements, the Obligated Group is subject to certain financial covenants, including maintaining a minimum historical debt service coverage and maximum annual debt service coverage ratios, maintaining minimum levels of days cash on hand, maintaining debt to capitalization at certain levels, limitations on selling, leasing, or otherwise disposing of Obligated Group property, and certain other nonfinancial covenants. The Obligated Group was in compliance with its debt covenants as of June 30, 2012 and 2011.

## **9. DERIVATIVES**

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

Market risk represents the potential adverse effect on the fair value and cash flow of a derivative instrument due to changes in interest rates or rate spreads. Market risk is managed through ongoing monitoring of interest rate exposure based on set parameters regarding the type and degree of market risk that the Obligated Group will accept. Credit risk is the risk that the counterparty on a derivative instrument may be unable to perform its obligations during the term of the contract. When the fair value of a derivative contract is positive (an asset to the Obligated Group), the counterparty owes the Obligated Group which creates credit risk. Credit risk is managed by setting stringent requirements for qualified counterparties at the date of execution of a derivative transaction and requiring counterparties

to post collateral in the event of a credit rating downgrade or if the fair value of the derivative contract exceeds a negotiated threshold. Termination risk represents the risk that the Obligated Group may be required to make a significant payment to the counterparty if the derivative contract is terminated early. Termination risk is assessed at onset by performing a statistical analysis of the potential for a significant termination payment under various scenarios designed to encompass expected interest rate changes over the life of the proposed contract. The test measures the ability to make a termination payment without a significant impairment to the Obligated Group's ability to meet its debt or liquidity covenants.

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

**Interest Rate Swap Agreements** — In connection with the issuance of the Series 2006A Bonds, the Obligated Group entered into two interest rate swap agreements (the "Swap Agreements") to synthetically fix the interest payments on the Series 2006A Bonds. Under the Swap Agreements, the Obligated Group makes fixed rate payments equal to 3.945% to the swap counterparties and receives variable rate payments equal to 68% of LIBOR (0.246% as of June 30, 2012, and 0.186% as of June 30, 2011) from the swap counterparties, each calculated on the notional amount of the Swap Agreements. As of June 30, 2012 and 2011, the Swap Agreements had a notional amount of \$96.750 outstanding (\$48.375 in notional amount with each counterparty). The Swap Agreements each expire on November 1, 2035, and amortize annually commencing in 2012. The Swap Agreements are secured by obligations issued under the Master Indenture.

The refinancing of the Series 2006A Bonds resulted in the existing Swap Agreements no longer being associated with the Series 2006A debt. However, the Obligated Group used \$50.000 in notional amount of the Swap Agreements to manage its interest rate exposure on the Series 2008A Bonds and the remaining \$46.750 in notional amount was unhedged at June 30, 2012 and 2011. The Hospital's allocated share of the unhedged swap was \$29.700 as of June 30, 2012 and 2011. The Hospital's share of the Swap Agreements had a fair value of \$(10.460) and \$(5.139) as of June 30, 2012 and 2011, respectively, reported in other long-term liabilities in the accompanying balance sheets. The fair value of the Swap Agreements reported in the Hospital's balance sheet as of June 30, 2011 and 2010, includes an adjustment for the Obligated Group's credit risk and may not be indicative of the termination value that the Hospital would be required to pay upon early termination of the Swap Agreements.

Management has not designated the Swap Agreements as hedging instruments. Amounts recorded in the accompanying statement of operations and changes in net assets for the Swap Agreements allocated to the Hospital for the fiscal years ended June 30, 2012 and 2011, were as follows:

	Reported As	Fiscal Year Ended	
		2012	2011
Change in fair value of interest rate swaps	Nonoperating income (expense)	\$ (5.321)	\$ 993
Net cash payments on interest rate swaps	Interest expense	(1.121)	(1.120)

The Swap Agreements also require either party to post collateral in the form of cash and certain cash equivalents to secure potential termination payments. The amount of collateral that is required to be posted is based on the relevant party's long-term credit rating. Based on its current rating, the Obligated Group is required to post collateral with the swap counterparties in the event that the market value of the Swap Agreements exceeds \$(25,000) or \$(12,500) for each Swap Agreement. To date, the Obligated Group has been required to post collateral as the valuation of the Swap Agreements declined. As of June 30, 2012, the Hospital has posted \$1.5 million as its share of collateral.

## **10. EMPLOYEE BENEFITS**

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

The Hospital's contributions to the 401(k) Plan were approximately \$2,804 in 2012 and \$2,651 in 2011. The Corporation, at its discretion and from time to time, matches one-half of the employee contributions up to 3%. Matching contributions were approximately \$647 in 2012 and \$328 in 2011.

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

The SRP is funded at the discretion of the executive committee of the Hospital's Board of Directors, currently at 80% of benefits accrued. The benefit obligation was \$3,372 and \$2,749 as of June 30, 2012 and 2011, respectively. The Hospital funded \$431 and \$547 into SRP in 2012 and 2011, respectively. Compensation expense related to the SRP was \$697 and \$515 in 2012 and 2011, respectively. Assets set aside to fund the SRP amounted to \$1,680 as of June 30, 2012 and are included in other restricted investments — assets whose use is limited on the accompanying balance sheet.

## 11. CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net patient accounts receivable from patients and third-party payors at June 30, 2012 and 2011, was as follows:

	2012	2011
Medicare	9 %	19 %
Medicaid	32	12
Commercial	10	11
Blue Cross	7	13
Managed care	28	27
Self-pay	<u>14</u>	<u>18</u>
Total	<u>100 %</u>	<u>100 %</u>

## 12. CONTINGENCIES

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

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

The Hospital has employed an independent actuary to estimate the ultimate costs of claim settlements. The estimated incurred but not reported claims liabilities are based on the actuarial estimate of losses using the Hospital's actual payout patterns and various other assumptions and are recorded at the estimated present value of self-insured claims that will be settled in the future. If the present value method was not used, the Hospital's liability for insured claims would be approximately \$2,808 and \$1,956 higher than the amounts recorded on the balance sheets at June 30, 2012 and 2011, respectively. The discount rate used in calculating the present value was 4.0% and 4.0% in 2012 and 2011, respectively. Pursuant to ASU No. 2010-24, the liability is recorded without consideration of insurance recoveries, and the Hospital has recorded an asset for an equal amount of expected insurance recoveries in the amount of \$26,532.

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

**Employee Medical Benefit Plan** — The Corporation sponsors medical benefit plans covering substantially all of its employees and their dependents. The medical benefit expense is based on actual medical and prescription claims paid, administration fees, and the provision for unpaid and unreported claims at year-end. At June 30, 2012 and 2011, the estimated liability for unpaid and unreported claims was \$1.843 and \$1.517, respectively. The medical benefit expense was \$12.053 and \$10.650 in 2012 and 2011, respectively.

### 13. LEASE COMMITMENTS

The summary of the total minimum payments, under noncancelable operating leases as of June 30, 2012, is as follows:

<b>Years Ending June 30</b>	<b>Operating Lease Commitments</b>
2013	\$ 821
2014	789
2015	636
2016	441
2017	346
Thereafter	<u>1,767</u>
Total	<u>\$ 4,800</u>

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

### 14. RELATED-PARTY TRANSACTIONS

The Hospital incurs certain costs on behalf of its affiliates for matters such as salaries, insurance, utilities, and other operating expenses, and charges them for these costs. The charges to other affiliates were approximately \$19,734 in 2012 and \$15,230 in 2011, and are recorded as reductions of the applicable expenses.

The Hospital transferred \$10,292 in 2012 to the Corporation to support its operating activities and received \$0 for capital from the Foundation's unrestricted funds in 2012. The Hospital transferred \$8,792 in 2011 to the Corporation to support its operating activities and received \$57 for capital from the Foundation's unrestricted funds in 2011.

The Foundation, an affiliate of the Hospital, which is controlled by the Corporation, was established primarily to solicit contributions from the general public and to support the Hospital. The Foundation's Board of Directors determines funds contributed to the Hospital from the Foundation's unrestricted contributions and assets. A summary of the Foundation's financial position as of June 30, 2012 and 2011, is as follows:

	2012	2011
Assets — principally cash and investments	\$ 18,228	\$ 17,573
Liabilities	<u>(534)</u>	<u>(529)</u>
Net assets	<u>\$ 17,694</u>	<u>\$ 17,044</u>

Temporarily restricted net assets as of June 30, 2012 and 2011, are available for the following purposes:

	2012	2011
Medical staff education	\$ 444	\$ 445
Cancer care	1,001	672
Neuroscience	640	720
Operating room construction	600	300
Various restricted purposes	<u>1,420</u>	<u>1,758</u>
Total	<u>\$ 4,105</u>	<u>\$ 3,895</u>

## 15. JOINT VENTURES AND OTHER AFFILIATIONS

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

Investments in unconsolidated joint ventures, accounted for on the equity basis, totaled \$2,238 and \$2,685 as of June 30, 2012 and 2011, respectively, and are included in other assets in the accompanying balance sheets. Income recognized from these joint ventures was \$541 and \$791 in 2012 and 2011, respectively, and is included in other revenue in the accompanying statements of operations and changes in net assets.

## 16. FUNCTIONAL EXPENSES

Expenses related to the patient care, general and administrative, and Medicaid provider tax provided by the Hospital for the years ended June 30, 2012 and 2011, were as follows:

	2012	2011
Healthcare	\$ 180,455	\$ 168,255
General and administrative	54,545	50,896
Medicaid provider tax assessment	<u>7,125</u>	<u>7,125</u>
Total	<u>\$ 242,125</u>	<u>\$ 226,276</u>

\* \* \* \* \*



Additional Data

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

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Mark Metzger Board Chairman	1 00	X						0	0	0
William Skoglund Board Vice Chairman	1 00	X						0	0	0
Trish Anen Director	1 00	X						0	0	0
Cati Cederoth start 1011 Director	1 00	X						0	0	0
Bruce Dienst Director	1 00	X						0	0	0
Richard Edelman Director	1 00	X						0	0	0
Tom Fisher Director	1 00	X						0	0	0
Santosh Gill MD Past Chief of Staff/Director	40 00	X						566,285	0	55,749
Ronald Hem Director	1 00	X						0	0	0
Dennis Keane MD Chief of Staff/Director	1 00	X						13,750	0	0
Herbert Knight Director	1 00	X						0	0	0
John Lies Director	1 00	X						0	0	0
Maryanne Locklin Director	1 00	X						0	0	0
Jack McEachern End 1011 Director	1 00	X						0	0	0
Dave Mead Director	1 00	X						0	0	0
Avery Miller Director	1 00	X						0	0	0
Jerome Roberts Director	1 00	X						0	0	0
Christine Sobek Director	1 00	X						0	0	0
Suresh Velagapudi MD Vice Chief of Staff/Director	1 00	X						0	0	0
Barry Finn President & CEO/Director	40 00	X		X				1,463,800	0	373,282
Brenda VanWyhe Sr VP, Finance & CFO/Treasurer	40 00			X				320,176	0	73,383
Ryan Asmus VP, General Counsel/Secretary	40 00			X				258,280	0	67,895
Lynn Scott Assistant Secretary	40 00			X				71,874	0	18,141
Steve Lowenthal MD Sr VP, Medical Affairs & CMO	40 00				X			623,868	0	45,111
John Diederich Sr VP, Operations & COO	40 00				X			465,776	0	159,760

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Diane Homan MD VP, Quality & PSO	40 00				X			437,416	0	100,716
Dennis DeMasie VP, Information Technology & CIO	40 00				X			329,547	0	85,568
Mary Shilkaitis VP, Patient Care Services & CNO	40 00				X			317,738	0	81,690
Gail Bumgarner Sr VP, Strategy	40 00				X			343,586	0	63,861
Barbara Graham VP, Philanthropy & CDO	40 00				X			217,743	0	19,419
Suzanne Sterchi Assistant VP, Patient Care	40 00				X			151,514	0	31,885
Sepehr Sanj MD Physician	40 00					X		1,178,320	0	25,673
Todd Guynn MD Physician	40 00					X		763,010	0	59,493
Teressa Alexander MD Physician	40 00					X		563,499	0	54,705
Edward Lipman MD Physician	40 00					X		532,036	0	47,512
Vijay Shah MD Physician	40 00					X		515,847	0	54,816