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Form 990

Return of Organization Exempt From Income Tax

2011

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

Open to Public Inspection

Department of the Treasury

Internal Revenue Service

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

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

B Check if applicable

Address change

Name change

Initial return

Terminated

Amended return

Application pending

C Name of organization

Northwest Community Hospital

Doing Business As

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

800 WEST CENTRAL ROAD

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

ARLINGTON HEIGHTS, IL 60005

D Employer identification number

36-2340313

E Telephone number

(847) 618-1000

G Gross receipts \$ 552,159,540

F Name and address of principal officer

STEPHEN O SCOGNA
800 W Central Road
Arlington Heights, IL 60005

H(a) Is this a group return for affiliates?

 Yes NoH(b) Are all affiliates included? Yes No

If "No," attach a list (see instructions)

H(c) Group exemption number ►

I Tax-exempt status 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527

J Website: ► www.nch.org

K Form of organization Corporation Trust Association Other ►

L Year of formation 1953

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities

NCH OPERATES AN ACUTE CARE HOSPITAL IN ARLINGTON HEIGHTS, IL THE HOSPITAL EXISTS TO PROVIDE QUALITY COMPASSIONATE HEALTHCARE SERVICES TO THE PEOPLE OF THE NORTHWEST SUBURBAN COMMUNITY OF CHICAGO

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

3 Number of voting members of the governing body (Part VI, line 1a)

3 18

4 Number of independent voting members of the governing body (Part VI, line 1b)

4 15

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)

5 3,954

6 Total number of volunteers (estimate if necessary)

6 930

7a Total unrelated business revenue from Part VIII, column (C), line 12

7a 1,726,375

b Net unrelated business taxable income from Form 990-T, line 34

7b 0

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	1,732,845	1,466,035
9 Program service revenue (Part VIII, line 2g)	464,896,764	472,194,812
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,384,958	521,265
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,015,024	6,907,544
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	474,029,591	481,089,656
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,958,497	187,489
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	242,624,121	240,095,074
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	236,398,778	228,410,407
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	481,981,396	468,692,970
19 Revenue less expenses Subtract line 18 from line 12	-7,951,805	12,396,686

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	591,409,283	619,249,436
21 Total liabilities (Part X, line 26)	440,310,263	456,809,134
22 Net assets or fund balances Subtract line 21 from line 20	151,099,020	162,440,302

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 STEVEN SCOGNA CEO Type or print name and title	2013-07-30 Date
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Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed ►	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4	ERNST & YOUNG US LLP 155 NORTH WACKER DRIVE CHICAGO, IL 60606		EIN ► Phone no ► (312) 879-2000

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

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

NORTHWEST COMMUNITY HOSPITAL existS to improve the health of the communities IT serveS and to meet individuals' healthcare needs IT STRIVES TO be known for ITS singular focus on providing a comprehensive, patient-centered system of care that surpasses every expectation for excellence (in quality, convenience and service)

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 \$ 46,647,824 including grants of \$ 0) (Revenue \$ 46,298,276)

CARDIAC Northwest Community Hospital'S (Hospital) Cardiac Service Line provided quality, patient centered, compassionate care, regardless of ability to pay, to approximately 32,000 inpatients and outpatients during FY 2012. The treatment was provided in Hospital's State-of-the-Art Digital Cardiac Cath Lab Suites, inclusive of its high tech operating rooms and private family centered patient care rooms all at a cost of nearly \$46,700,000. An on-call team of nurses, radiology techs, OR techs, Cardiologists and Surgeons were readily available 24 hours a day, 7 days a week, to provide emergent care to those with Cardiac Disease. The cardiac team works with the Emergency Room and multiple neighboring community Paramedics and emergency personnel to CONSISTENTLY exceed the national benchmark of Door to Balloon Time (or open artery) in less than 90 minutes for patients presenting in Hospital's Emergency Room having an Acute MI. Hospital has been repeatedly recognized for its commitment to quality outcomes and has twice been recognized as an Accredited Chest Pain Center by the Society for Chest Pain Centers. In addition, NCH has been recognized as an Accredited Echo Lab by the Intersocietal Commission for the Accreditation of Echocardiography Laboratories (ICAEL) since 2000. In addition, Hospital has also been recognized five times between 2000 and 2010 as a Thomson Reuters Top 100 Heart Hospital for providing excellence in a cost effective manner to multiple cardiac patient populations. Hospital has also been the recipient of multiple Healthgrades Awards for excellence in Cardiac Services, most recently in 2010. The Cardiac Department also provides multiple screening and education programs, including free individual consultations with Cardiac Rehab personnel for community members considered to be at risk for developing heart disease based on their completion of Hospital's on-line screening tool. During 2012, hospital hosted a community event where blood pressure, cholesterol and BMI screenings were used to calculate an individual's risk of developing heart disease for a minimal fee. In addition, physicians provided education on heart health and wellness. Over 300 people participated in the event.

4b (Code) (Expenses \$ 30,984,717 including grants of \$ 0) (Revenue \$ 45,700,708)

Gastroenterology Hospital's Gastroenterology (GI) Center provides quality, patient centered, compassionate care for patients, regardless of ability to pay, in need of diagnostic and therapeutic endoscopic procedures. The GI Center has become a regional referral center for patients in need of interventional procedures including endoscopic retrograde cholangiopancreatography and endoscopic ultrasound. A state-of-the-art interventional suite offers patients access to superior quality care by providing digital imaging. Hospital's interventional team is led by an expert interventional physician and an interventional procedure consultant. This team provides same-day care for patients in and beyond Hospital's service area who are in need of interventional procedures. In FY 2012 the GI center provided service for 31,002 patients.

4c (Code) (Expenses \$ 33,992,765 including grants of \$ 187,489) (Revenue \$ 33,962,121)

General Surgery Hospital's General Surgery Service Line provided quality, patient centered, compassionate care, regardless of ability to pay, to 4,643 general surgical patients (inpatient and outpatient) in the main OR during FY 2012. Procedures were performed in state-of-the-art operating rooms which include three dedicated minimally invasive surgery suites. The general surgery program provides care for both pediatric and adult populations. In FY 2011, Hospital partnered with Children's Memorial Hospital to plan for a neonatal surgery program to support its new Level 3 NICU. The general surgery program also includes daVinci robotic capabilities and a dedicated pancreatic surgery program. General surgery services are provided 24 hours a day, 7 days a week, and the program is designated a Level 2 Trauma Center. Hospital has been the recipient of multiple Healthgrades awards which include GI services. General surgery mortality and surgical site infections observed-to-expected ratios are in the "low" range based on Hospital's Case Mix Index. A multidisciplinary team has worked to improve results in the Surgical Care Improvement Project's Core Measures. An Advanced Practice Nurse was hired to oversee surgical outcomes and improve performance in all surgical specialties. Areas of concentration include antibiotics administered within 60 minutes of incision, appropriate antibiotics administered, antibiotics discontinued within 24 hours, appropriate hair removal, urinary catheter removed post-op day 1 or 2, surgery temperature management, beta blocker prior to surgery and VTE prophylaxis. The majority of Hospital's outcome measures were at or above benchmark levels. FORM 990, PART III - OTHER PROGRAM SERVICES, LINE 4D FORM 990, PART III, LINE 4D INCLUDES REVENUE AND EXPENSES FROM ALL OTHER PROGRAM SERVICES NOT DESCRIBED ON FORM 990, PART III, LINES 4A-4C.

4d Other program services (Describe in Schedule O)

(Expenses \$ 259,649,408 including grants of \$ 0) (Revenue \$ 346,233,707)

4e Total program service expenses \$ 371,274,714

Part IV Checklist of Required Schedules

- 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.
- 2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?
- 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.
- 4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.
- 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.
- 6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.
- 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.
- 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.
- 9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.
- 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V.
- 11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable
- a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.
- b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.
- c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.
- d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.
- e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.
- f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.
- 12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.
- b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.
- 13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.
- 14a Did the organization maintain an office, employees, or agents outside of the United States?
- b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I.
- 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Part II and IV.
- 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III and IV.
- 17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I.
- 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II.
- 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.
- 20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H.
- b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements.

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

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	503
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	3,954
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
b	If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).	7a	No
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	13a	
a	Is the organization licensed to issue qualified health plans in more than one state? Note. 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	13b	
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	13c	
c	Enter the aggregate amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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

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

Section A. Governing Body and Management

- 1a Enter the number of voting members of the governing body at the end of the tax year **1a** 18
- b Enter the number of voting members included in line 1a, above, who are independent **1b** 15
- 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?
- 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?
- 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?
- 5 Did the organization become aware during the year of a significant diversion of the organization's assets?
- 6 Did the organization have members or stockholders?
- 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?
- b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?
- 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following
- a The governing body?
- b Each committee with authority to act on behalf of the governing body?
- 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O

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

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

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

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

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed IL
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
- Own website Another's website Upon request
- 19 Describe in Schedule O whether (and if so, how), the organization 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
- SANDY SORIA
3060 SALT CREEK LANE
ARLINGTON HEIGHTS, IL 60005
(847) 618-4636

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

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

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

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

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

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

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

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

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **►110**

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	Yes
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
Xtend Healthcare		
500 W Main Street Suite 14		
HENDERSONVILLE, TX 37075	Collection Services	3,421,718
Siemens Medical Solutions USA Inc		
Dept CH 14195		
PALATINE, IL 60055	IT SUPPORT	2,050,461
GE Healthcare		
PO Box 96483		
CHICAGO, IL 60693	EQUIP Maintenance	1,624,053
Transcend Services Inc		
Dept 40089 PO Box 740209		
ATLANTA, GA 30374	MED transcription	1,550,885
HLS Wheeling LLC		
13028 Collection Center Dr		
CHICAGO, IL 60693	Laundry services	1,514,067

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►79

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	1,315,301			
	e Government grants (contributions)	1e	150,734			
	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		1,466,035			
Program Service Revenue		Business Code				
	2a Net patient services	621110	443,815,487	443,815,487		
	b MEANINGFUL USE REIMBURSEMENTS	900099	3,600,144	3,600,144		
	c LAB SERVICES	621500	22,904,323	21,177,948	1,726,375	
	d CLASSES AND TRAINING	900099	1,038,084	1,038,084		
	e NURSING SERVICES - PALATINE OPPORTUNITY CENTER, LI	900099	432,087	432,087		
	f All other program service revenue		404,687	404,687		
	g Total. Add lines 2a-2f		472,194,812			
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)				1,972,259	
	4 Income from investment of tax-exempt bond proceeds		84		84	
	5 Royalties		0			
	6a Gross rents	(i) Real	(ii) Personal			
	b Less rental expenses	2,605,264				
	c Rental income or (loss)	1,062,195				
	d Net rental income or (loss)	1,543,069				1,543,069
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b Less cost or other basis and sales expenses	67,664,223	575,216				
c Gain or (loss)	67,834,631	1,855,886				
d Net gain or (loss)	-170,408	-1,280,670	-1,451,078		-1,451,078	
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
b Less direct expenses	b					
c Net income or (loss) from fundraising events		0				
9a Gross income from gaming activities	a					
See Part IV, line 19						
b Less direct expenses	b					
c Net income or (loss) from gaming activities		0				
10a Gross sales of inventory, less returns and allowances	a					
b Less cost of goods sold	b	329,438				
c Net income or (loss) from sales of inventory		317,172	12,266		12,266	
Miscellaneous Revenue	Business Code					
11a Reinsurance Recoveries	900099	2,509,914			2,509,914	
b Cafeteria	722210	1,696,477			1,696,477	
c COMMUNICATIONS	900099	300,452			300,452	
d All other revenue		845,366			845,366	
e Total. Add lines 11a-11d		5,352,209				
12 Total revenue. See Instructions		481,089,656	470,468,437	1,726,375	7,428,809	

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	187,489	187,489		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	7,272,097		7,272,097	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	179,866,781	136,790,581	43,076,200	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,539,618	9,598,905	2,940,713	
9 Other employee benefits	27,449,064	20,956,480	6,492,584	
10 Payroll taxes	12,967,514	10,157,014	2,810,500	
11 Fees for services (non-employees)				
a Management	0			
b Legal	1,350,855		1,350,855	
c Accounting	245,595		245,595	
d Lobbying	0			
e Professional fundraising See Part IV, line 17	0			
f Investment management fees	167,664		167,664	
g Other	27,565,048	12,788,424	14,776,624	
12 Advertising and promotion	1,980,270	72,963	1,907,307	
13 Office expenses	17,780,408	13,818,228	3,962,180	
14 Information technology	6,933,629	5,280,818	1,652,811	
15 Royalties	0			
16 Occupancy	9,257,319	8,327,875	929,444	
17 Travel	554,841	314,802	240,039	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	278,122	170,625	107,497	
20 Interest	8,977,415	8,977,415		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	34,148,954	26,226,606	7,922,348	
23 Insurance	7,251,357	6,944,974	306,383	
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 MEDICAL SUPPLIES	43,181,551	43,181,551		
b BAD DEBT-PATIENT SERVICES	39,720,635	39,720,635		
c PHARMACEUTICALS	15,826,323	15,826,323		
d ILLINOIS PROVIDER TAX	11,676,247	11,676,247		
e				
f All other expenses	1,514,174	256,759	1,257,415	
25 Total functional expenses. Add lines 1 through 24f	468,692,970	371,274,714	97,418,256	0
26 Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	0	1 0
	2 Savings and temporary cash investments	18,667,752	2 30,946,366
	3 Pledges and grants receivable, net	0	3 0
	4 Accounts receivable, net	55,078,694	4 60,733,467
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	94,386	5 98,476
	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	0	6 0
	7 Notes and loans receivable, net	305,372	7 0
	8 Inventories for sale or use	4,752,063	8 5,315,340
	9 Prepaid expenses and deferred charges	6,193,121	9 3,627,812
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	627,860,378	
	10b Less accumulated depreciation	10a 245,628,349	10b 399,431,606 10c 382,232,029
	11 Investments—publicly traded securities	94,056,794	11 97,484,804
	12 Investments—other securities See Part IV, line 11	0	12 0
	13 Investments—program-related See Part IV, line 11	5,753,291	13 6,698,999
	14 Intangible assets	0	14 0
	15 Other assets See Part IV, line 11	7,076,204	15 32,112,143
	16 Total assets. Add lines 1 through 15 (must equal line 34)	591,409,283	16 619,249,436
Liabilities	17 Accounts payable and accrued expenses	65,928,264	17 91,828,628
	18 Grants payable	0	18 0
	19 Deferred revenue	3,090,185	19 122,193
	20 Tax-exempt bond liabilities	283,300,000	20 277,615,000
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21 0
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22 0
	23 Secured mortgages and notes payable to unrelated third parties	0	23 0
	24 Unsecured notes and loans payable to unrelated third parties	0	24 0
	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	87,991,814	25 87,243,313
	26 Total liabilities. Add lines 17 through 25	440,310,263	26 456,809,134
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	145,345,729	27 155,741,303
	28 Temporarily restricted net assets	4,793,222	28 5,587,588
	29 Permanently restricted net assets	960,069	29 1,111,411
	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	151,099,020	33 162,440,302
	34 Total liabilities and net assets/fund balances	591,409,283	34 619,249,436

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

1 Total revenue (must equal Part VIII, column (A), line 12)	1	481,089,656
2 Total expenses (must equal Part IX, column (A), line 25)	2	468,692,970
3 Revenue less expenses Subtract line 2 from line 1	3	12,396,686
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	151,099,020
5 Other changes in net assets or fund balances (explain in Schedule O)	5	-1,055,404
6 Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	162,440,302

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

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

2011

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue Service
Name of the organization
Northwest Community Hospital

Employer identification number

36-2340313

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

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

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

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

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

Part II Support Schedule for Organizations Described in 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 (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 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 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 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 stop here						

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 stop here . 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 stop here . The organization qualifies as a publicly supported organization	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the 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)**Political Campaign and Lobbying Activities****2011****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.

**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 Northwest Community Hospital	Employer identification number 36-2340313
--	--

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

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

(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			
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	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of		
a	Volunteers?	No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	No	
c	Media advertisements?	No	
d	Mailings to members, legislators, or the public?	No	
e	Publications, or published or broadcast statements?	No	
f	Grants to other organizations for lobbying purposes?	No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	No	
i	Other activities? If "Yes," describe in Part IV	Yes	55,798
j	Total lines 1c through 1i		55,798
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?	No	
b	If "Yes," enter the amount of any tax incurred under section 4912		
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912		
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		

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

	Yes	No
1	1	
2	2	
3	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	
a	Current year	2b	
b	Carryover from last year	2c	
c	Total	3	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4	
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?	5	
5	Taxable amount of lobbying and political expenditures (see instructions)		

Part IV Supplemental Information

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

Also, complete this part for any additional information

Identifier	Return Reference	Explanation
LOBBYING ACTIVITIES	PART II-B, LINE 1	NORTHWEST COMMUNITY HOSPITAL PAYS DUES TO CERTAIN HOSPITAL ASSOCIATIONS WHICH USE A PORTION OF THESE DUES FOR LOBBYING

SCHEDULE D
(Form 990)**Supplemental Financial Statements****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
Northwest Community Hospital**Employer identification number**
36-2340313**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

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

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No
- 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply)
- Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically importantly land area
- Protection of natural habitat Preservation of a certified historic structure
- Preservation of open space

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

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

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

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

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

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

- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

► \$ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

- | | |
|---|---|
| a <input type="checkbox"/> Public exhibition | d <input type="checkbox"/> Loan or exchange programs |
| b <input type="checkbox"/> Scholarly research | e <input type="checkbox"/> Other |
| c <input type="checkbox"/> Preservation for future generations | |

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	2,319,650	2,248,734	2,160,499	2,131,037	
b Contributions	950	169,337	9,266	39,825	
c Investment earnings or losses	478,506	-10,576	78,969	-10,363	
d Grants or scholarships					
e Other expenditures for facilities and programs		87,845			
f Administrative expenses					
g End of year balance	2,799,106	2,319,650	2,248,734	2,160,499	

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

a Board designated or quasi-endowment ► 50 500 %

b Permanent endowment ► 49 500 %

c Term endowment ► 0 %

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

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

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

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

Part VI 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		1,789,072			1,789,072
b Buildings		297,135,319	98,636,492	198,498,827	
c Leasehold improvements		205,678,088	89,379,094	116,298,994	
d Equipment		107,414,349	48,639,930	58,774,419	
e Other		15,843,550	8,972,833	6,870,717	
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					382,232,029

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation
		Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		

Total. (Column (b) should equal Form 990, Part X, col (B) line 12)

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

Total. (Column (b) should equal Form 990, Part X, col (B) line 13)

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

Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)

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

Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ► 87,243,311

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of intended uses of endowment funds	Schedule D, Part V, Line 4	endowment funds are created according to hospital needs and designation or preferences of the donor(s) supporting the endowment fund. Scholarship funds, continued education, or funds for patient care in a hospital department designated by the endowment fund are examples of fund uses.

2011

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

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.Name of the organization
Northwest Community HospitalEmployer identification number
36-2340313

Part I Charity Care and Certain Other Community Benefits at Cost

- 1a** Did the organization have a charity care policy? If "No," skip to question 6a
- b** If "Yes," is it a written policy?
- 2** If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals
- Applied uniformly to all hospitals Applied uniformly to most hospitals
 Generally tailored to individual hospitals
- 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 *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care
- 100% 150% 200% Other _____%
- b** Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care
- 200% 250% 300% 350% 400% Other _____%
- c** If the organization 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"?
- 5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
- b** If "Yes," did the organization's charity care expenses exceed the budgeted amount?
- c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
- 6a** Did the organization prepare a community benefit report during the tax year?
- 6b** If "Yes," did the organization make it available to the public?
- Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

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

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 Charity care at cost (from Worksheet 1)			8,969,081		8,969,081	2 060 %
b Medicaid (from Worksheet 3, column a)			37,275,071	26,173,509	11,101,562	2 550 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			46,244,152	26,173,509	20,070,643	4 610 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,914,433	86,319	1,828,114	0 420 %
f Health professions education (from Worksheet 5)			3,193,127		3,193,127	0 730 %
g Subsidized health services (from Worksheet 6)			328,187		328,187	0 080 %
h Research (from Worksheet 7)			277,551	4,000	273,551	0 060 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			812,822	938	811,884	0 190 %
j Total Other Benefits			6,526,120	91,257	6,434,863	1 480 %
k Total . Add lines 7d and 7j			52,770,272	26,264,766	26,505,506	6 090 %

Part II Community 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
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			8,924		8,924	0 %
7 Community health improvement advocacy						
8 Workforce development			4,776		4,776	0 %
9 Other						
10 Total			13,700		13,700	0 %

Part III Bad Debt, Medicare, & Collection Practices
Section A. Bad Debt Expense

- 1** Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? **1** Yes **No**
- 2** Enter the amount of the organization's bad debt expense **2** 39,720,635
- 3** Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy **3** 3,614,578
- 4** Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit

Section B. Medicare

- 5** Enter total revenue received from Medicare (including DSH and IME) **5** 145,347,892
- 6** Enter Medicare allowable costs of care relating to payments on line 5 **6** 191,249,356
- 7** Subtract line 6 from line 5. This is the surplus or (shortfall) **7** -45,901,464
- 8** Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used

 Cost accounting system

 Cost to charge ratio

 Other

Section C. Collection Practices

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

Part IV Management 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				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

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)

Northwest Community 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	1	
If "Yes," indicate what the Needs Assessment describes (check all that apply)		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet 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)		
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?	5	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> 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?	9	Yes
If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used		

Part V Facility Information (continued)

	Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10 Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		
11 Explained the basis for calculating amounts charged to patients?	11 Yes	
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 checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input checked="" type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	12 Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	13 Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
b <input checked="" type="checkbox"/> The policy was attached to all billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" 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)		
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?	16 No	
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)		
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**

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

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility's policy was not in writing
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

	Yes	No
18	Yes	

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** The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b** The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

20	Yes	
21	No	

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

If "Yes," explain in Part VI

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? **11**

Name and address	Type of Facility (Describe)
1	See Additional Data Table
2	
3	
4	
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 3C	CHARITY CARE POLICY	HOSPITAL PROVIDES EMERGENT AND MEDICALLY NECESSARY SERVICES TO ALL PATIENTS WITHOUT REGARD TO THE PATIENT'S ABILITY TO PAY. THE WRITTEN CHARITY CARE POLICY IS WIDELY DISTRIBUTED AND COMMUNICATED TO THE COMMUNITY UNDER HOSPITAL'S FINANCIAL ASSISTANCE POLICY. THE AMOUNT OF FREE CARE PROVIDED IS DETERMINED BY FINANCIAL NEED AND IS NOT LIMITED BY BUDGETED AMOUNTS. PATIENTS EARNING LESS THAN 200% OF THE FEDERAL POVERTY GUIDELINES RECEIVE FREE CARE AND THOSE BETWEEN 200% AND 400% OF THE GUIDELINES RECEIVE DISCOUNTED CARE ON A SLIDING SCALE. THE FINANCIAL ASSISTANCE PROGRAM LOOKS AT BOTH THE CURRENT INCOME AND THE INCOME FROM THE PREVIOUS YEAR (AS DISPLAYED IN TAX DOCUMENTS) AND THEN CALCULATES POTENTIAL BENEFITS BASED UPON EACH VARIABLE, OFFERING ITS PATIENTS THE MOST GENEROUS BENEFIT. THIS POLICY ACKNOWLEDGES THE FRAGILE NATURE OF EMPLOYMENT AND THE IMPACT OF PREVIOUS YEAR HARSHIPS CONSISTENT WITH THE ILLINOIS UNINSURED PATIENT DISCOUNT ACT. PATIENTS WITHOUT INSURANCE COVERAGE ARE ELIGIBLE FOR A 61% DISCOUNT IF THEIR INCOME IS AT OR BELOW 600% OF THE FEDERAL POVERTY GUIDELINES. OF THE REMAINING BALANCE, THE PATIENT'S LIABILITY IS CAPPED AT 25% OF THE FAMILY'S ANNUAL INCOME.

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

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
PART I, LINE 7	COSTING METHODOLOGY	THE FOLLOWING METHODOLOGIES WERE USED TO DETERMINE THE AMOUNTS REPORTED IN THE TABLE FOR LINE 7 PART I, LINES 7A - 7D, RATIO OF COST TO CHARGES AS DETERMINED USING WORKSHEET 2 IN THE FORM 990, SCHEDULE H INSTRUCTIONS PART I, LINES 7E - 7I, COSTS WERE DETERMINED USING THE DIRECT AND INDIRECT COSTS FOR THE SPECIFIC PROGRAM OR SERVICE THESE COSTS WERE MAINTAINED/IDENTIFIED IN HOSPITAL'S "COMMUNITY BENEFIT INVENTORY FOR SOCIAL ACCOUNTABILITY SOFTWARE" (CBISA) THE INDIRECT PORTION OF THESE COSTS WAS CALCULATED UTILIZING THE INDIRECT COST RATIO FROM HOSPITAL'S LATEST AVAILABLE MEDICARE COST REPORT THIS "INDIRECT" RATIO WAS ENTERED INTO CBISA FOR THE CALCULATION OF INDIRECT COSTS PART I, LINE 7G SUBSIDIZED HEALTH SERVICES HOSPITAL HAS NOT INCLUDED ANY COSTS RELATED TO A PHYSICIAN CLINIC AS PART OF SUBSIDIZED HEALTH SERVICES PART I, LINE 7, COLUMN F BAD DEBT EXPENSE THE AMOUNT OF BAD DEBT EXPENSE INCLUDED IN PART IX, LINE 25, COLUMN (A) THAT WAS EXCLUDED FROM THE CALCULATION OF THE RATIO OF COST TO CHARGES FOR THE PURPOSE OF DETERMINING THE COST OF BAD DEBTS WAS \$39,720,635

Identifier	ReturnReference	Explanation
PART II	COMMUNITY BUILDING ACTIVITIES	WORKFORCE DEVELOPMENT HOSPITAL'S EXECUTIVE DIRECTOR OF PATIENT CARE SERVICES PARTICIPATES ON THE LEADERSHIP BOARD OF THE ILLINOIS ORGANIZATION OF NURSE LEADERS (IONL) THE PURPOSE OF IONL IS TO DEVELOP NURSING LEADERS IN ALL HEALTHCARE SETTINGS IONL PROVIDES DIRECTION FOR ACHIEVEMENT OF EXCELLENCE IN NURSING LEADERSHIP IT PROMOTES PROFESSIONAL DEVELOPMENT, RESEARCH AND INNOVATION FOR THE ADVANCEMENT OF NURSING PRACTICE IONL ENCOURAGES DEVELOPMENT OF CARE DELIVERY SYSTEMS THAT ARE FORTHRIGHT AND VISIONARY THE IONL DEVELOPS STRATEGIC INITIATIVES IN THE AREA OF EXECUTIVE MANAGEMENT EXPERTISE IN HEALTHCARE SYSTEMS COALITION BUILDING HOSPITAL'S DIRECTOR OF CORPORATE ACCOUNTING AND EXECUTIVE DIRECTOR OF MANAGED CARE/PHO REPRESENT HOSPITAL THROUGH THEIR PARTICIPATION IN TWO ROTARY CLUBS IN HOSPITAL'S SERVICE AREA ARLINGTON HEIGHTS AND PALATINE, ILLINOIS ROTARY CLUB MEMBERS ARE PREDOMINATELY BUSINESS AND PROFESSIONAL LEADERS WHO COME TOGETHER TO SUPPORT ORGANIZATIONS THAT ADDRESS NEED AND DISPARITY IN THE COMMUNITY AREAS ADDRESSED INCLUDE HOMELESSNESS, MENTAL HEALTH ISSUES, CANCER, TROUBLED YOUTH, DEVELOPMENTALLY DISABLED, DOMESTIC VIOLENCE AND MANY MORE

Identifier	ReturnReference	Explanation
PART III, LINE 1	BAD DEBT EXPENSE	<p>HOSPITAL RECORDS BAD DEBT EXPENSE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) HFMA STATEMENT 15 IS FOLLOWED TO THE EXTENT THAT IT ALIGNS WITH THE GUIDELINES PER GAAP PART III, LINE 4 BAD DEBT EXPENSE HOSPITAL IS INCLUDED IN THE AUDITED FINANCIAL STATEMENTS OF NORTHWEST COMMUNITY HEALTHCARE (NCH) AND SUBSIDIARIES THE TEXT OF THE FOOTNOTE REFERENCING ACCOUNTS RECEIVABLE IN THE FY 2012 AUDIT IS AS FOLLOWS "[NCH] EVALUATES THE COLLECTABILITY OF ITS ACCOUNTS RECEIVABLE BASED ON THE LENGTH OF TIME THE RECEIVABLE IS OUTSTANDING, PAYOR CLASS AND THE ANTICIPATED FUTURE COLLECTIBLE AMOUNTS BASED ON HISTORICAL EXPERIENCE ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE " WRITE-OFFS ARE SHOWN NET OF CONTRACTUALS AND DISCOUNTS THE HOSPITAL'S BAD DEBT EXPENSE AS REPORTED ON LINES 2 AND 3 WAS REPORTED AT CHARGES FOR FY 2012, THE HOSPITAL RECORDED PROVISIONS FOR BAD DEBT EXPENSE OF \$39,720,635 OF WHICH IT IS ESTIMATED THAT 9 1 % OF THIS AMOUNT WOULD HAVE BEEN REPORTED AS CHARITY IF THE PATIENT WOULD HAVE FULLY COMPLETED THE CHARITY APPLICATION PROCESS THIS ESTIMATE IS BASED ON PATIENTS WHO BEGAN THE FINANCIAL ASSISTANCE PROCESS BUT DID NOT RESPOND TO HOSPITAL'S REQUEST FOR ADDITIONAL INFORMATION AND/OR COMPLETE THE APPLICATION FOR DETERMINATION THESE PATIENTS WERE DEEMED Viable CANDIDATES TO RECEIVE FINANCIAL ASSISTANCE FOR THEIR SERVICES BY HOSPITAL'S FINANCIAL COUNSELORS THE FINANCIAL COUNSELORS FOLLOWED UP IN WRITING AND BY PHONE IN AN ATTEMPT TO OBTAIN THE NECESSARY INFORMATION FOR THE FINANCIAL ASSISTANCE DETERMINATION</p>

Identifier	ReturnReference	Explanation
PART III, LINE 8	MEDICARE SHORTFALL	THE MEDICARE SHORTFALL REPORTED IN PART III, LINE 7 REPRESENTS THE EXCESS COST OF PROVIDING SERVICES TO MEDICARE BENEFICIARIES OVER THE PAYMENTS RECEIVED FROM THE MEDICARE PROGRAM. ACCESS TO QUALITY HEALTHCARE IS IMPERATIVE FOR ALL MEDICARE RECIPIENTS, MANY OF WHOM ARE LIVING ON A FIXED INCOME. AS SUCH, THE COSTS ABSORBED BY THE HOSPITAL IN PROVIDING THESE SERVICES IS A BENEFIT TO THE MEMBERS OF THE COMMUNITY WE SERVE

Identifier	ReturnReference	Explanation
PART III, LINE 9B	COLLECTION PRACTICES	IT IS THE POLICY OF HOSPITAL TO OFFER PATIENTS A PAYMENT PLAN OR FINANCIAL ASSISTANCE WHEN IT BECOMES KNOWN OR SUSPECTED THAT A PATIENT NEEDS SUCH ASSISTANCE. FINANCIAL COUNSELORS CONTACT AND WORK WITH THE PATIENT OR THEIR FAMILY TO HELP DETERMINE IF THERE ARE ANY THIRD PARTY PAYORS WHICH MAY BE AVAILABLE TO HELP THE PATIENT MEET THEIR OBLIGATIONS, SUCH AS MEDICAID, COBRA, WORKERS COMPENSATION, OR SPECIALIZED GRANT PROGRAMS. IF NO THIRD PARTY PROGRAMS ARE IDENTIFIED, THE FINANCIAL COUNSELORS WORK WITH THE PATIENT TO HELP THEM APPLY FOR CHARITY DISCOUNTS OR PAYMENT PLANS. FORMS ARE AVAILABLE IN ENGLISH AND SPANISH, AND TRANSLATION SERVICES ARE PROVIDED IN MANY LANGUAGES. IN ADDITION, ALL PATIENT BILLS AND STATEMENTS INCLUDE INFORMATION ABOUT HOW TO APPLY FOR FINANCIAL ASSISTANCE AND THE INFORMATION IS ALSO POSTED ON HOSPITAL'S WEBSITE. COLLECTION ACTIVITY WILL BE SUSPENDED DURING THE CONSIDERATION OF A COMPLETED FINANCIAL ASSISTANCE APPLICATION OR AN APPLICATION FOR ANY OTHER HEALTHCARE BRACKET (I E, MEDICARE, MEDICAID, ETC.) A NOTE IS ENTERED INTO THE PATIENT'S ACCOUNT TO SUSPEND COLLECTION ACTIVITY UNTIL THE FINANCIAL ASSISTANCE PROCESS IS COMPLETED. ACCOUNTS IN THE FINANCIAL ASSISTANCE PROCESS WILL BE MONITORED AND, UPON THE DECISION TO APPROVE OR DENY FINANCIAL ASSISTANCE, THE PATIENT'S ACCOUNT WILL BE UPDATED. IF THE FINANCIAL ASSISTANCE APPLICATION IS APPROVED WITH A PERCENTAGE LESS THAN 100% OR DENIED, THE PATIENT'S ACCOUNT WILL BE NOTED AND HOSPITAL WILL RESUME THE SELF PAY COLLECTION ACTIVITY IN COMPLIANCE WITH ITS SELF PAY FOLLOW-UP PROCEDURES. PART V, LINEs 19 & 20 FINANCIAL ASSISTANCE INDIVIDUALS ARE QUALIFIED FOR FINANCIAL ASSISTANCE UTILIZING FEDERAL POVERTY GUIDELINES, FAMILY INCOME LEVELS, AND FAMILY SIZE. MOST INDIVIDUALS WHO QUALIFY UNDER OUR FINANCIAL ASSISTANCE POLICY WOULD BE BILLED AN AMOUNT SIGNIFICANTLY LOWER THAN THE AMOUNT THAT WOULD BE BILLED FOR AN INDIVIDUAL WITH INSURANCE COVERAGE. HOWEVER, IN RARE INSTANCES IT IS POSSIBLE THAT THE AMOUNT BILLED TO SUCH AN INDIVIDUAL COULD BE HIGHER THAN THAT BILLED FOR AN INDIVIDUAL WITH INSURANCE COVERAGE.

Identifier	ReturnReference	Explanation
PART VI, LINE 2	NEEDS ASSESSMENT	<p>IN FY 2012, HOSPITAL PARTICIPATED IN A REGIONAL COMMUNITY HEALTH NEEDS ASSESSMENT OFFERED BY THE METROPOLITAN CHICAGO HEALTHCARE COUNCIL (MCHC) IN PARTNERSHIP WITH PROFESSIONAL RESEARCH CONSULTANTS (PRC) THE ASSESSMENT WAS A DATA-DRIVEN APPROACH TO DETERMINING THE HEALTH STATUS OF THE COMMUNITY AND INCLUDED BOTH QUANTITATIVE AND QUALITATIVE COMPONENTS THE QUANTITATIVE COMPONENT CONSISTED OF A 30-MINUTE TELEPHONE HEALTH SURVEY THAT WAS CONDUCTED IN ENGLISH AND SPANISH OVER 3,710 SURVEYS WERE CONDUCTED IN THE REGION WHICH CONSISTED OF COOK, DUPAGE AND LAKE COUNTIES, WITH 325 IN HOSPITAL'S IMMEDIATE SERVICE AREA CAREFUL CONSIDERATION WAS TAKEN TO ENSURE THAT THE DEMOGRAPHICS OF THOSE PARTICIPATING IN THE SURVEY MIRRORED THE DEMOGRAPHICS OF THE COMMUNITY ISSUES ADDRESSED INCLUDED SELF-REPORTED HEALTH STATUS, PHYSICAL HEALTH STATUS, MENTAL HEALTH STATUS, DEATH AND DISABILITY, INFECTION AND CHRONIC DISEASE, BIRTHS, CHILDREN'S HEALTH STATUS, MODIFIABLE HEALTH RISKS, ACCESS TO HEALTHCARE, HEALTH EDUCATION AND OUTREACH, AND HEALTH INFORMATION SOURCES THE ASSESSMENT ALSO INTEGRATED THE MOST RECENT SECONDARY PUBLIC HEALTH DATA TO COMPLEMENT THE PRIMARY TELEPHONE SURVEY DATA THE DATA COLLECTED FOR HOSPITAL'S SERVICE AREA WAS BENCHMARKED AGAINST THE SECONDARY DATA AVAILABLE FOR THE REGION, STATE, US, HEALTHY PEOPLE 2020 AS WELL AS COMPARING THE DATA COLLECTED AGAINST HOSPITAL'S PREVIOUS ASSESSMENT THE ASSESSMENT ALSO INCLUDED A QUALITATIVE COMPONENT WHICH INCLUDED HOSTING FOCUS GROUPS IN NORTH COOK COUNTY WHICH INCLUDED REPRESENTATIVES FROM PUBLIC HEALTH, PHYSICIANS, AND OTHER HEALTH PROFESSIONALS, SOCIAL SERVICE PROVIDERS AND OTHER COMMUNITY LEADERS THE PARTICIPANTS WERE CHOSEN BECAUSE OF THEIR ABILITY TO IDENTIFY PRIMARY CONCERN OF THE POPULATIONS WITH WHO THEY WORK, AS WELL AS OF THE COMMUNITY OVERALL PARTICIPANTS INCLUDED A REPRESENTATIVE OF PUBLIC HEALTH, AS WELL AS SEVERAL INDIVIDUALS WHO WORK WITH LOW-INCOME, MINORITY OR OTHER MEDICALLY UNDERSERVED POPULATIONS, AND THOSE WHO WORK WITH PERSON WITH CHRONIC DISEASE CONDITIONS ALL QUANTITATIVE AND QUALITATIVE DATA WAS COMPILED AND PRESENTED TO HOSPITAL IN A 213 PAGE DOCUMENT WHICH INCLUDED A RECOMMENDATION ON AREAS OF CONCERN OR OPPORTUNITY A HOSPITAL TEAM COMPRISED OF REPRESENTATIVES FROM COMMUNITY SERVICES, STRATEGIC PLANNING, PATIENT ACCESS SERVICES, CLINICAL RESOURCE MANAGEMENT, RESEARCH, FOUNDATION, DATA GOVERNANCE, FINANCE, NURSING AND MARKETING DEPARTMENTS THEN REVIEWED THE RESULTS ALONG WITH THE RECOMMENDATIONS ON AREAS OR COMMUNITY NEEDS HOSPITAL SHOULD ADDRESS THE GROUP PRIORITIZED THE NEEDS AND IS IN THE PROCESS OF DEVELOPING AN IMPLEMENTATION PLAN TO ADDRESS EVERYTHING IDENTIFIED IN THE ASSESSMENT THE MOST PREDOMINANT FINDING WAS THE DIFFICULTY THE COMMUNITY HAS IN ACCESSING HEALTHCARE SERVICES WHICH INCLUDES PRIMARY, ORAL, AND BEHAVIORAL HEALTH SERVICES, AS WELL AS PRESCRIPTION MEDICATION ANOTHER MAJOR CONCERN WAS FOCUSED ON ADULT AND CHILDHOOD OBESITY AND THE LACK OF GOOD NUTRITION AND PHYSICAL ACTIVITY THE IMPLEMENTATION PLAN HAS IDENTIFIED THESE CONCERN AS "PRIORITY AREAS", AND WILL DEVELOP PLANS TO ADDRESS IN FY 2013, THE COMMUNITY HEALTH NEEDS ASSESSMENT ALONG WITH THE IMPLEMENTATION PLAN WILL BE PRESENTED FOR APPROVAL TO THE COMMUNITY HEALTH AND OUTREACH COMMITTEE, A COMMITTEE OF THE BOARD OF DIRECTORS, AS WELL AS TO THE COMMUNITY BENEFIT REGULATORY COMMITTEE, A NEW COMMITTEE FORMED TO ENSURE HOSPITAL IS MEETING ALL REGULATORY REQUIREMENTS ONCE APPROVED, THE RESULTS OF THE COMMUNITY HEALTH NEEDS ASSESSMENT AND THE IMPLEMENTATION PLAN WILL BE MADE AVAILABLE TO THE PUBLIC BY POSTING THEM ON THE NCH WEBSITE NO LATER THAN SEPTEMBER 30, 2013</p>

Identifier	ReturnReference	Explanation
PART V, LINE 13 AND PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	THE FINANCIAL ASSISTANCE PROGRAM AT NORTHWEST COMMUNITY HOSPITAL IS COMMUNICATED WIDELY TO PATIENTS AND VISITORS IN ENGLISH AND SPANISH USING THE FOLLOWING METHODS (1) SIGNAGE IN ENGLISH AND SPANISH IS POSTED THROUGHOUT THE ORGANIZATION AT ALL ACCESS POINTS, INCLUDING THE EMERGENCY DEPARTMENT AND OUTPATIENT REGISTRATION AREAS THESE AREAS ALSO STOCK AND MAKE AVAILABLE A BROCHURE, PRINTED IN ENGLISH AND SPANISH, DESCRIBING HOSPITAL'S POLICY A FULL-TIME INTERPRETATION SERVICE DEPARTMENT IS AVAILABLE TO ASSIST THOSE WHO NEED ADDITIONAL INFORMATION IN OTHER LANGUAGES IN FY 2012, HOSPITAL RESPONDED TO 9,766 IN-PERSON REQUESTS AND PROVIDED 850 HOURS OF TELEPHONIC ASSISTANCE IN 44 DIFFERENT LANGUAGES (2) EACH PAGE OF HOSPITAL'S WEBSITE (WWW NCH ORG) CONTAINS THE FOLLOWING FOOTNOTE "NORTHWEST COMMUNITY HOSPITAL IS A CHARITABLE ORGANIZATION AND PROVIDES FINANCIAL ASSISTANCE TO THOSE WHO ARE ELIGIBLE FOR MORE INFORMATION, CLICK HERE " A LINK TAKES VISITORS TO A SUBSEQUENT PAGE THAT DESCRIBES FINANCIAL ASSISTANCE/CHARITY CARE AND PROVIDES A PHONE NUMBER TO CONTACT A NORTHWEST COMMUNITY HOSPITAL FINANCIAL COUNSELOR APPLICATIONS FOR FINANCIAL ASSISTANCE, IN ENGLISH AND SPANISH, ARE AVAILABLE FOR DOWNLOAD ON THE HOSPITAL WEBSITE (3) ALL EXTERNAL HOSPITAL PUBLICATIONS INCLUDE THE FOLLOWING NOTE "NORTHWEST COMMUNITY HOSPITAL IS A CHARITABLE ORGANIZATION AND PROVIDES FINANCIAL ASSISTANCE TO PEOPLE WHO ARE ELIGIBLE FOR MORE INFORMATION PLEASE CALL 847 618 4542 OR VISIT OUR WEBSITE AT WWW NCH ORG " (4) INFORMATION ON FINANCIAL ASSISTANCE IS INCLUDED WITH EVERY PATIENT BILL (5) FINANCIAL COUNSELORS PROVIDE FINANCIAL ASSISTANCE INFORMATION TO PATIENTS DURING THEIR REGISTRATION AND WORK WITH PATIENTS IDENTIFIED AT REGISTRATION OR AFTER ADMISSION TO HELP THEM GET THE ASSISTANCE THEY NEED, ANSWER QUESTIONS, SET UP PAYMENT PLANS AND FACILITATE APPLICATIONS FOR GOVERNMENT PROGRAMS SUCH AS MEDICAID

Identifier	ReturnReference	Explanation
PART VI, LINE 4	COMMUNITY INFORMATION	<p>NORTHWEST COMMUNITY HOSPITAL IS LOCATED IN ARLINGTON HEIGHTS, ILLINOIS, A SUBURB LOCATED APPROXIMATELY 25 MILES NORTHWEST OF CHICAGO. ITS PRIMARY SERVICE AREA CONSISTS OF ARLINGTON HEIGHTS AND THE SURROUNDING SUBURBS OF MT PROSPECT, PALATINE, AND ROLLING MEADOWS. HOSPITAL'S SECONDARY SERVICE AREA IS COMPRISED OF BARRINGTON, BUFFALO GROVE, DES PLAINES, ELK GROVE VILLAGE, HOFFMAN ESTATES, LAKE ZURICH, PROSPECT HEIGHTS, SCHAUMBURG AND WHEELING. THESE AREAS HAVE A COMBINED POPULATION OF APPROXIMATELY 667,000 PEOPLE. THIS NUMBER HAS REMAINED FAIRLY STABLE AND GROWTH OVER THE NEXT 5 YEARS IS EXPECTED TO BE RELATIVELY FLAT. HOSPITAL'S TOTAL SERVICE AREA IS PREDOMINATELY CAUCASIAN (68.3%), FOLLOWED BY HISPANIC (14.7%), ASIAN (13.0%) AND ALL OTHERS (4.1%). THE HISPANIC POPULATION IS EXPECTED TO GROW BY 13.1% AND THE ASIAN POPULATION 10.8% OVER THE NEXT 5 YEARS. OF INDIVIDUALS LIVING IN HOSPITAL'S TOTAL SERVICE AREA, 10.6% ARE ON MEDICAID AND, PENDING HEALTHCARE REFORM, THIS IS EXPECTED TO GROW BY 9.6% OVER THE NEXT FIVE YEARS. OVER THE PAST 10 YEARS, THERE HAS BEEN A DECIDED SHIFT IN THE AGE OF THOSE LIVING IN HOSPITAL'S SERVICE AREA. A PORTION OF THE 18-44 AGE GROUP MOVED INTO THE 45-64 AGE GROUP. IT IS ESTIMATED THAT IN THE NEXT 5 YEARS, THE AREA WILL SEE FURTHER MIGRATION INTO THE 65+ AGE GROUP RESULTING IN A 13.1% INCREASE. THERE ARE FOUR OTHER HOSPITALS LOCATED IN HOSPITAL'S SERVICE AREA. THE ENTIRE PRIMARY SERVICE AREA AND A SIGNIFICANT PORTION OF THE SECONDARY SERVICE AREA HAVE BEEN DESIGNATED AS A MEDICALLY-UNDERSERVED AREA. HOSPITAL SUPPORTS BOTH A FEDERALLY QUALIFIED HEALTH CENTER LOCATED ACROSS THE STREET FROM HOSPITAL, AND A COUNTY RUN PRIMARY CARE CLINIC, ALSO LOCATED IN HOSPITAL'S PRIMARY SERVICE AREA.</p>

Identifier	ReturnReference	Explanation
PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	<p>HOSPITAL PROMOTES THE HEALTH OF ITS COMMUNITY IN MANY WAYS AS FOLLOWS (1) A MAJORITY OF HOSPITAL'S BOARD OF DIRECTORS IS COMPRISED OF PERSONS WHO LIVE OR WORK IN HOSPITAL'S PRIMARY SERVICE AREA AND ARE NOT EMPLOYEES OR CONTRACTORS OF HOSPITAL (2) A STANDING COMMUNITY HEALTH AND OUTREACH COMMITTEE OF THE HOSPITAL BOARD REVIEWS THE COMMUNITY HEALTH NEEDS ASSESSMENT AND ENSURES THE IMPLEMENTATION PLAN ADDRESSES IDENTIFIED NEEDS THE COMMITTEE PROVIDES OVERSIGHT IN MONITORING AND EVALUATING THE EFFECTIVENESS OF STRATEGIES AND INITIATIVES INCLUDED IN THE IMPLEMENTATION PLAN THE COMMITTEE MONITORS THE AMOUNT OF DOLLARS INVESTED IN COMMUNITY BENEFIT INCLUDING CHARITY CARE, COMMUNITY HEALTH EDUCATION, COMMUNITY MEDICAL/DENTAL CLINICS, AND COMMUNITY HEALTH IMPROVEMENT INITIATIVES (3) HOSPITAL MAINTAINS A NY SURPLUS FUNDS IN HOSPITAL ITSELF OR AT NORTHWEST COMMUNITY HEALTHCARE (A 501(C)(3) SUPPORTING ORGANIZATION AND SOLE MEMBER OF HOSPITAL) FOR FUNDING CAPITAL IMPROVEMENTS IN TECHNOLOGY, FACILITIES OR PATIENT CARE EQUIPMENT, AND SUPPORTING HOSPITAL OPERATIONS OR COMMUNITY OUTREACH INITIATIVES (4) HOSPITAL HAS DEDICATED STAFF THAT SERVE AS MEMBERS, CHAIRPERSONS, OFFICERS, AND BOARD MEMBERS OF LOCAL AND NATIONAL ORGANIZATIONS DEVOTED TO IMPROVING THE HEALTH AND WELLBEING OF COMMUNITY MEMBERS THESE ORGANIZATIONS INCLUDE WINGS (WOMEN IN NEED GROWING STRONGER), NORTHWEST SUBURBAN ALLIANCE ON DOMESTIC VIOLENCE, HARPER COLLEGE NURSING ADVISORY COMMITTEE, METROPOLITAN CHICAGO HEALTHCARE COUNCIL HEALTH CARE WORKFORCE ADVISORY INSTITUTE, NORTHERN FOX VALLEY ONCOLOGY NURSING SOCIETY CHAPTER, CHICAGO DENTAL SOCIETY, HOSPICE OF NORTHEASTERN ILLINOIS, HEALTHWORLD, BRIDGE YOUTH AND FAMILY SERVICES, LITTLE CITY FOUNDATION HUMAN RIGHTS COMMITTEE, AS WELL AS LOCAL BOARD OF HEALTH DEPARTMENTS AND ROTARY CLUBS (5) HOSPITAL HAS DEDICATED STAFF THAT ASSIST WITH ADVOCACY INITIATIVES TO PROMOTE COMMUNITY, STATE, AND NATIONAL EFFORTS TO IMPROVE THE HEALTH OF THE POPULATION THIS INCLUDES THE OBESITY EPIDEMIC THROUGH THE EFFORTS OF THE ILLINOIS ALLIANCE TO PREVENT OBESITY AS WELL AS CANCER RESEARCH AND PREVENTION THROUGH THE AMERICAN CANCER SOCIETY (6) COLLABORATIVE PARTNERSHIPS ARE THE FOUNDATION TO MANY OF HOSPITAL'S COMMUNITY HEALTH INITIATIVES AIMED TO IMPROVE THE HEALTH AND WELL BEING OF THE COMMUNITY THESE PARTNERSHIPS INCLUDE A COLLABORATION WITH ACCESS COMMUNITY HEALTH NETWORK (A LOCAL FEDERALLY QUALIFIED HEALTH CENTER), AND COOK COUNTY HEALTH AND HOSPITAL SYSTEM TO BRING PRIMARY CARE SERVICES FOR THE UNINSURED AND UNDERINSURED TO THE COMMUNITY IN FY 2012, OVER 34,000 PATIENT VISITS WERE PROVIDED AT THESE CLINICS AND HOSPITAL'S FINANCIAL AND IN-KIND SUPPORT WAS \$92,366 HOSPITAL ALSO PARTNERS WITH ELK GROVE, PALATINE, SCHAUMBURG, AND WHEELING TOWNSHIPS ON A MOBILE DENTAL CLINIC PROGRAM WHICH PROVIDED 2,666 PATIENT VISITS IN FY 2012 WITH HOSPITAL ABSORBING \$189,000 OF THE TOTAL COST NORTHWEST COMMUNITY HEALTHCARE, AN AFFILIATE OF HOSPITAL, ALSO PARTNERS WITH THE PALATINE OPPORTUNITY CENTER (POC), A LOCAL 501(C)(3) ORGANIZATION, TO OPERATE AND RUN A RESOURCE CENTER WHICH PROVIDES DIRECT SERVICES, REFERRALS, AND OTHER ASSISTANCE TO THE UNDER-RESOURCED THE HOSPITAL OWNS AND MAINTAINS THE BUILDING AND PROVIDES FREE OR LOW-COST RENT TO LOCAL NOT FOR PROFIT AGENCIES, INCLUDING PRESERVATION FOR HUMAN DIGNITY (PHD), THE CENTER-RESOURCES FOR TEACHING AND LEARNING (ECDEC PROGRAM), COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION (CEDA), PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL, PALATINE POLICE DEPARTMENT, HARPER COLLEGE, THE BRIDGE YOUTH AND FAMILY SERVICES, PALATINE PUBLIC LIBRARY, BUEHLER YMCA, PATH (PALATINE ASSISTING THROUGH HOPE), AS WELL AS THE COOK COUNTY PRIMARY CARE CLINIC DESCRIBED PREVIOUSLY SOME OF THE MANY PROGRAMS OFFERED AT THE RESOURCE CENTER INCLUDE GED AND CITIZENSHIP CLASSES, HEALTHCARE SERVICES, COMPUTER LITERACY, AFTER-SCHOOL YOUTH PROGRAM, BILINGUAL COUNSELING, PARENTING CLASSES, JOB PLACEMENT, CAREER EDUCATION AND RECREATION IN FY 2012, THE POC HAD 227,000 CLIENT VISITS AND HOSPITAL'S COST TO OPERATE THE FACILITY WAS \$261,925 IN ADDITION TO THE RESOURCE CENTER, HOSPITAL WORKS WITH POC ON MANY COLLABORATIVE HEALTH INITIATIVES INCLUDING THE PROMOTORAS DE SALUD PROGRAM WHICH PROVIDES HEALTH EDUCATION TO THE LATINO POPULATION THIS PROGRAM IDENTIFIES LATINA WOMEN WHO DEMONSTRATE THE POTENTIAL TO BECOME LEADERS IN THE COMMUNITY THESE WOMEN THEN RECEIVE LEADERSHIP TRAINING AND EDUCATION ON SPECIFIC HEALTH TOPICS AND LEAD SMALL GROUP PRESENTATIONS AND HEALTH DISCUSSIONS WITH MEMBERS OF THE COMMUNITY IN FY 2012, CLOSE TO 800 PEOPLE PARTICIPATED IN CLASSES LED BY THE PROMOTORAS AND SEVENTY-FIVE PERCENT OF THE PARTICIPANTS HAD ANNUAL HOUSEHOLD INCOMES OF \$25,000 OR LESS AND 49 PERCENT HAD NO HEALTH INSURANCE POC AND HOSPITAL ALSO COLLABORATIVELY PROVIDE THE SERVICES OF A BILINGUAL COMMUNITY HEALTH NURSE AND BILINGUAL BEHAVIORAL HEALTH NAVIGATOR WHO FOCUS ON HELPING UNDER-RESOURCED MEMBERS OF THE COMMUNITY NAVIGATE HEALTH</p>

Identifier	ReturnReference	Explanation
PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	<p>THCARE RESOURCES, PROVIDE HEALTH EDUCATION, AND HELP PATIENTS OBTAIN LOW-COST PRESCRIPTIONS IN FY 2012, THE PART-TIME COMMUNITY NURSE HAD 2,098 CLIENT INTERACTIONS AND THE PART-TIME BEHAVIORAL HEALTH NAVIGATOR HAD 1308 INDIVIDUALS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES ARE ANOTHER POPULATION THAT HAS DIFFICULTY ACCESSING PRIMARY AND ORAL HEALTHCARE SERVICES. HOSPITAL PARTNERS WITH LITTLE CITY FOUNDATION, A LOCAL RESIDENTIAL ORGANIZATION THAT SERVES SUCH INDIVIDUALS, ON PROVIDING PRIMARY HEALTHCARE BY AN ADVANCED PRACTICE NURSE AND ORAL HEALTHCARE BY THE MOBILE DENTAL CLINIC TEAM. (7) HOSPITAL OPERATES AN EMERGENCY DEPARTMENT THAT IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK AND SERVES ALL PERSONS REGARDLESS OF THEIR ABILITY TO PAY. (8) HOSPITAL PARTICIPATES IN BOTH THE MEDICARE AND MEDICAID GOVERNMENT-SPONSORED HEALTHCARE PROGRAMS. HOSPITAL CONTRACTS WITH MIRA MED ASSISTANCE PROGRAM TO PROVIDE ASSISTANCE TO PATIENTS, FREE OF CHARGE, THROUGHOUT THE MEDICAID APPLICATION PROCESS WHEN APPLYING FOR MEDICAL COVERAGE THROUGH THE ILLINOIS MEDICAID PROGRAM. THE ASSISTANCE PROVIDED IS INCLUSIVE OF COMPLETING THE APPLICATION, GATHERING ALL OF THE APPROPRIATE ADDITIONAL DOCUMENTS THAT MUST BE SUBMITTED, WORKING WITH THE STATE ON THE PATIENT'S BEHALF AND, IN SOME CASES, WORKING THROUGH AN APPEAL PROCESS. THE COST OF PROVIDING THIS SERVICE WAS \$92,810 IN FY 2012. (9) HOSPITAL PROVIDES SERVICES FREE OR AT A REDUCED RATE TO INDIVIDUALS WITH LIMITED FINANCIAL RESOURCES WHO ARE UNABLE TO ACCESS ENTITLEMENT PROGRAMS. INDIVIDUALS ARE ELIGIBLE FOR FREE OR DISCOUNTED MEDICALLY NECESSARY HEALTHCARE SERVICES BASED ON ESTABLISHED CRITERIA AND HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS WIDELY DISTRIBUTED AND COMMUNICATED TO THE COMMUNITY. (10) HOSPITAL IS AN INDEPENDENT COMMUNITY HOSPITAL, THAT PROVIDES ACUTE CARE AND IS RECOGNIZED FOR THE FOLLOWING OUTSTANDING SERVICES: PRIMARY STROKE CENTER (DESIGNATED BY JOINT COMMISSION), GASTROENTEROLOGY CENTER (DIRECTED BY A NATIONALLY-REOWNED GASTROENTEROLOGIST WITH THE ONLY GI TEACHING GALLERY IN ILLINOIS FOR INSTRUCTING CLINICIANS), LEVEL III NEONATAL INTENSIVE CARE UNIT, SPECIALIZED CANCER SERVICES (ACCREDITED BY THE COMMISSION ON CANCER), ILLINOIS CENTER FOR PANCREATIC AND HEPATOBILIARY DISEASE, TOP HOSPITAL BASED ON QUALITY AND SAFETY CRITERIA BY THE LEAPFROG GROUP, AND MAGNET AWARD FOR NURSING EXCELLENCE RECIPIENT (AWARDED BY THE AMERICAN NURSES CREDENTIALING CENTER). (11) ONE OF HOSPITAL'S MOST SIGNIFICANT CONTRIBUTIONS TO THE REGION IS THE NORTHWEST COMMUNITY EMERGENCY MEDICAL SERVICES (EMS) SYSTEM LAUNCHED IN 1972, IT WAS THE FIRST EMS PROGRAM IN ILLINOIS AND THE FIRST IN THE NATION TO SERVE MULTIPLE COMMUNITIES TODAY HOSPITAL CONTINUES TO SERVE AS THE AREA'S EMS RESOURCE HOSPITAL, PROVIDING ADMINISTRATIVE, CLINICAL PRACTICE, QUALITY MANAGEMENT, AND FISCAL OVERSIGHT AND EDUCATION FOR EMERGENCY MEDICAL DISPATCHERS (EMD), EMERGENCY MEDICAL RESPONDERS (EMR), EMERGENCY MEDICAL TECHNICIANS (EMT), PARAMEDICS, AND EMERGENCY COMMUNICATIONS REGISTERED NURSES (ECRN) WITHIN A 375 SQUARE-MILE AREA. THE SYSTEM IS A COALITION OF 6 HOSPITALS AND 24 EMS PROVIDER AGENCIES THAT EMPLOY OVER 950 PARAMEDICS AND 400 EMTS, WHO RESPOND TO MORE THAN 64,000 PATIENTS EACH YEAR. ON-LINE MEDICAL CONTROL IS PROVIDED BY OVER 250 ECRNS. THE NET COST FOR EMS RESOURCE HOSPITAL ACTIVITIES IN FY 2012 WAS \$1,625,900 AND PROVIDED TRAINING FOR 1,555 INDIVIDUALS. (12) HOSPITAL'S COMPETENT AND COMMITTED PROFESSIONAL NURSING STAFF PROVIDES THEIR TIME AND EXPERTISE TO SERVE AS CLINICAL PRECEPTORS FOR 417 UNDERGRADUATE NURSING STUDENTS WHO COME TO THE ORGANIZATION TO COMPLETE THEIR CLINICAL PRACTICUM REQUIREMENTS. THE NURSING STUDENTS COME FROM VARIOUS COLLEGES AND UNIVERSITIES, INCLUDING HARPER COLLEGE, ELMHURST COLLEGE, UNIVERSITY OF ILLINOIS-CHICAGO, NORTH PARK UNIVERSITY, CHAMBERLAIN COLLEGE, RUSH UNIVERSITY, OLIVET NAZARENE UNIVERSITY, AND LOYOLA UNIVERSITY AS MANY NURSES THROUGHOUT THE CHICAGO AREA CONTINUE TO PURSUE EDUCATIONAL DEGREES.</p>

Identifier	ReturnReference	Explanation
PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	NORTHWEST COMMUNITY HOSPITAL (HOSPITAL) IS ONE OF SEVERAL AFFILIATES UNDER THE COMMON CONTROL OF NORTHWEST COMMUNITY HEALTHCARE (NCH) NCH IS A SUPPORTING ORGANIZATION THAT ALSO SUPPORTS NORTHWEST COMMUNITY DAY SURGERY CENTER, INC AND NORTHWEST COMMUNITY HOSPITAL FOUNDATION THESE 4 ENTITIES ARE 501(C)(3) EXEMPT ORGANIZATIONS AND TOGETHER PROVIDE THE RESOURCES AND FUNDING TO DELIVER QUALITY HEALTHCARE SERVICES TO THE PEOPLE OF THE NORTHWEST SUBURBAN COMMUNITY OF CHICAGO IN ADDITION TO THE CHARITY CARE THAT THE HOSPITAL PROVIDED, THE DAY SURGERY CENTER PROVIDED AN ADDITIONAL \$100,000 IN CHARITY CARE (AT COST) IN FY 2012 THE NORTHWEST COMMUNITY HOSPITAL FOUNDATION'S PRIMARY FUNCTION IS TO STIMULATE PHILANTHROPIC GIVING AND OBTAIN CHARITABLE GIFTS IN ORDER TO MEET THE CHANGING NEEDS OF THE COMMUNITY AS WELL AS FUND COMMUNITY BENEFIT INITIATIVES NORTHWEST COMMUNITY HEALTH SERVICES, INC, A MULTI-SPECIALTY MEDICAL GROUP, IS ANOTHER AFFILIATE OF NCH HEALTH SERVICES OWNS AND OPERATES THE NCH MEDICAL GROUP, A MULTI-SPECIALTY PHYSICIAN PRACTICE WITH OFFICES IN ARLINGTON HEIGHTS, BUFFALO GROVE, PALATINE AND MT PROSPECT, ILLINOIS HEALTH SERVICES ALSO OPERATES "FAST CARE", A CLINIC THAT IS LOCATED CENTRALLY IN A LOCAL GROCERY STORE THAT PROVIDES AFFORDABLE PRIMARY HEALTHCARE SERVICES DURING CONVENIENT HOURS

Identifier	ReturnReference	Explanation
PART VI, LINE 7	STATE FILING COMMUNITY BENEFIT REPORT	NORTHWEST COMMUNITY HEALTHCARE, THE SOLE CORPORATE MEMBER OF THE HOSPITAL, FILES AN ANNUAL NON-PROFIT HOSPITAL COMMUNITY BENEFITS PLAN REPORT WITH THE ILLINOIS ATTORNEY GENERAL'S OFFICE IN ACCORDANCE WITH ILLINOIS LAW THE REPORT IS FILED ON BEHALF OF NORTHWEST COMMUNITY HEALTHCARE, HOSPITAL, AND NORTHWEST COMMUNITY DAY SURGERY CENTER, INC

Additional Data

Software ID:
Software Version:

EIN: 36-2340313

Name: Northwest Community Hospital

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

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

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

► Attach to Form 990

Department of the Treasury
Internal Revenue Service

Name of the organization
Northwest Community Hospital

Employer identification number

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AMERICAN CANCER SOCIETY1114 N ARLINGTON HTS RD ARLINGTON HEIGHTS, IL 60004	13-1788491	501(c)(3)	10,000				ANNUAL SPONSORSHIP - RELAYS FOR LIFE HEART WALK SPONSORSHIP ANNUAL SPONSORSHIP VISTA CLINIC SUPPORT ANNUAL SPONSORSHIP ANNUAL SPONSORSHIP ANNUAL SPONSORSHIP NORTHWEST SPECIAL RECREATION AS ANNUAL SPONSORSHIP MISSIONS
(2) AMERICAN HEART ASSOCIATIONPO BOX 4002902 DES MOINES, IA 50340	13-5613797	501(c)(3)	5,300				
(3) BRIDGE YOUTH & FAMILY SERVICES721 S QUENTIN ROAD PALATINE, IL 60067	23-7093615	501(c)(3)	5,500				
(4) HEKTOEN INSTITUTE LLC2240 W OGDEN AVENUE CHICAGO, IL 60612	36-6006541	501(c)(3)	49,155				
(5) PALATINE TOWNSHIP SENIOR CITIZEN COUNCIL 505 S QUENTIN ROAD PALATINE, IL 60067	36-2781764	501(c)(3)	7,400				
(6) SOCIETY FOR THE PRESERVATION HUMAN DIGNITY1610 COLONIAL PARKWAY INVERNESS, IL 60067	23-7208626	501(c)(3)	5,350				
(7) SPECIAL LEISURE SERVICES FOUNDATION 3000 W CENTRAL SUITE 205 ROLLING MEADOWS, IL 60008	36-3145710	501(c)(3)	15,500				
(8) WINGS PROGRAM INC PO BOX 95615 PALATINE, IL 60095	36-3456061	501(c)(3)	5,400				
(9) SOLIDARITY BRIDGE 1577 FLORENCE AVE EVANSTON, IL 60201	36-4481213	501(C)(3)	28,000				

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ► 9
3 Enter total number of other organizations listed in the line 1 table ► 0

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

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

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

Identifier	Return Reference	Explanation
Form 990, Schedule I	Description of Organization's Procedures for Monitoring the Use of Grants	GRANTS IN SUPPORT OF NORTHWEST COMMUNITY HOSPITAL'S (HOSPITAL) MISSION ARE MONITORED BY NORTHWEST COMMUNITY'S FINANCE COMMITTEE AND BOARD OF DIRECTORS AS PART OF THE MONTHLY REVIEW OF HOSPITAL'S FINANCIAL RESULTS. SIGNIFICANT GRANTS TO UNRELATED 501(C)(3) OR GOVERNMENTAL ORGANIZATIONS ARE APPROVED BY HOSPITAL'S COMMUNITY SERVICES DEPARTMENT AND ARE MONITORED THROUGH ONGOING INTERACTIONS WITH OFFICIALS OF THOSE RECIPIENTS REGARDING PROGRAM SERVICES PROVIDED IN HOSPITAL'S SERVICE AREA

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

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN CANCER SOCIETY 1114 N ARLINGTON HTS RD ARLINGTON HEIGHTS, IL 60004	13-1788491	501(c)(3)	10,000				ANNUAL SPONSORSHIP - RELAYS FOR LIFE HEART WALK SPONSORSHIP ANNUAL SPONSORSHIP VISTA CLINIC SUPPORT ANNUAL SPONSORSHIP ANNUAL SPONSORSHIP ANNUAL SPONSORSHIP NORTHWEST SPECIAL RECREATION AS ANNUAL SPONSORSHIP MISSIONS
AMERICAN HEART ASSOCIATION PO BOX 4002902 DES MOINES, IA 50340	13-5613797	501(c)(3)	5,300				

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BRIDGE YOUTH & FAMILY SERVICES 721 S QUENTIN ROAD PALATINE, IL 60067	23-7093615	501(c)(3)	5,500				
HEKTOEN INSTITUTE LLC 2240 W OGDEN AVENUE CHICAGO, IL 60612	36-6006541	501(c)(3)	49,155				

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
PALATINE TOWNSHIP SENIOR CITIZEN COUNCIL 505 S QUENTIN ROAD PALATINE, IL 60067	36-2781764	501(c)(3)	7,400				
SOCIETY FOR THE PRESERVATION HUMAN DIGNITY 1610 COLONIAL PARKWAY INVERNESS, IL 60067	23-7208626	501(c)(3)	5,350				

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SPECIAL LEISURE SERVICES FOUNDATION 3000 W CENTRAL SUITE 205 ROLLING MEADOWS, IL 60008	36-3145710	501(c)(3)	15,500				
WINGS PROGRAM INC PO BOX 95615 PALATINE, IL 60095	36-3456061	501(c)(3)	5,400				

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SOLIDARITY BRIDGE1577 FLORENCE AVE EVANSTON, IL 60201	36- 4481213	501(C)(3)	28,000				

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

OMB No 1545-0047

2011Department of the Treasury
Internal Revenue Service

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

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

36-2340313

Part I Questions Regarding Compensation

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

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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

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

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

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

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

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

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

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

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

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

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

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

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				
(1) Bruce K Crowther	(i) 964,491 (ii) 0	0	136,668 0	131,596 0	17,205 0	1,249,960 0	134,860 0
(2) Stephen O Scogna	(i) 285,000 (ii) 0	75,000 0	1,175 0	9,800 0	17,238 0	388,213 0	0 0
(3) LEIGHTON B SMITH MD	(i) 412,579 (ii) 0	0 0	70,193 0	17,150 0	15,038 0	514,960 0	0 0
(4) MARK D LUSSON	(i) 252,497 (ii) 0	0 0	120,650 0	66,204 0	12,078 0	451,429 0	119,042 0
(5) DALE E BEATTY	(i) 331,307 (ii) 0	0 0	23,225 0	40,159 0	8,785 0	403,476 0	21,367 0
(6) Michael C Hartke	(i) 229,308 (ii) 0	0 0	1,808 0	59,039 0	18,536 0	308,691 0	0 0
(7) MICHAEL B ZENN	(i) 0 (ii) 0	0 0	395,990 0	517 0	20,272 0	416,779 0	0 0
(8) ANN SAYVETZ	(i) 119,643 (ii) 0	0 0	34,952 0	9,798 0	7,471 0	171,864 0	0 0
(9) ANGELA STEFANIU	(i) 0 (ii) 0	0 0	156,448 0	8,093 0	1,393 0	165,934 0	0 0
(10) WILLIS G PARSONS MD	(i) 1,269,101 (ii) 0	195,623 0	244,615 0	14,700 0	1,668 0	1,725,707 0	0 0
(11) MALCOLM BILIMORIA MD	(i) 1,487,197 (ii) 0	0 0	0 0	14,700 0	24,581 0	1,526,478 0	0 0
(12) RAMEEZ ALASADI MD	(i) 615,639 (ii) 0	200,338 0	187,562 0	11,120 0	19,051 0	1,033,710 0	0 0
(13) SOTIRIOS MARKULY MD	(i) 301,778 (ii) 0	400 0	0 0	17,150 0	6,785 0	326,113 0	0 0
(14) SONIA C MEHTA MD	(i) 256,473 (ii) 0	10,000 0	24,037 0	9,800 0	18,534 0	318,844 0	0 0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION PROCESS FOR TOP MANAGEMENT OFFICIAL	SCHEDULE J, PART I, LINE 3	The Compensation and Governance Committee of the parent corporation (Healthcare) annually reviews and makes recommendations to the Board regarding the compensation of the President and the guidelines for compensation of the Executive Vice Presidents, other Vice Presidents and other key management officers as determined by the Board. An independent reasonableness opinion is obtained annually regarding the Chief Executive Officer's compensation and that of other executives as determined by the Committee
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	THE FOLLOWING INDIVIDUALS RECEIVED SEVERANCE PAY DURING THE CALENDAR YEAR 2011 PURSUANT TO A WRITTEN SEPARATION AGREEMENT WITH THE HOSPITAL MICHAEL B ZENN \$329,542 ANGELA STEFANIU \$157,019 RAMEEZ ALASADI, MD \$173,077
SUPPLEMENTAL INFORMATION	SCHEDULE J, PART II, COLUMN C	CERTAIN OFFICERS AND KEY EMPLOYEES OF NORTHWEST COMMUNITY HOSPITAL PARTICIPATE IN A SECTION 457(F) DEFERRED COMPENSATION PLAN. CURRENT YEAR DEFERRED AMOUNTS ARE INCLUDED IN PART VII, COLUMN F AND SCHEDULE J, PART II, COLUMN C. CURRENT YEAR DISTRIBUTIONS, INCLUDED IN PART VII, COLUMN D, SCHEDULE J, PART II, COLUMN B(III), AND SCHEDULE J, PART II, COLUMN (F) ARE BRUCE K CROWTHER \$134,860 MARK D LUSSON \$119,042 DALE E BEATTY \$21,367

**Schedule K
(Form 990)****2011****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Supplemental Information on Tax Exempt Bonds**

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

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

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A ILLINOIS FINANCE AUTHORITY	86-1091967	45200FNR6	09-19-2008	151,075,932	SEE PART VI		X		X		X
B ILLINOIS FINANCE AUTHORITY	86-1091967	45200FNU9	10-17-2008	86,820,000	SEE PART VI		X		X		X
C ILLINOIS FINANCE AUTHORITY	86-1091967	000000000	12-01-2011	53,100,000	SEE PART VI		X		X		X

Part II Proceeds

1	Amount of bonds retired	A		B		C		D		
		0	0	0	0	0	0	0	0	
2	Amount of bonds defeased	0		0		0		0		
3	Total proceeds of issue	151,417,356		86,820,000		53,100,000				
4	Gross proceeds in reserve funds	0		0		0				
5	Capitalized interest from proceeds	0		0		0				
6	Proceeds in refunding escrow	0		0		0				
7	Issuance costs from proceeds	1,437,934		598,075		434,279				
8	Credit enhancement from proceeds	0		93,000		0				
9	Working capital expenditures from proceeds	0		0		0				
10	Capital expenditures from proceeds	149,979,422		86,128,925		0				
11	Other spent proceeds	0		0		52,665,721				
12	Other unspent proceeds	0		0		0				
13	Year of substantial completion	2010		2008		2011		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						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X						

Part III Private Business Use

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

Part III **Private Business Use (Continued)**

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		
3a	Are there any management or service contracts that may result in private business use?		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						
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 %		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 ►								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			
Part IV Arbitrage		A		B		C		D	
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?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X				
2	Is the bond issue a variable rate issue?		X	X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?	X		X					

Part V 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
supplemental information	0	SCHEDULE K, PART I, COLUMN (F) DESCRIPTION OF PURPOSE BOND A PROCEEDS WERE USED FOR CONSTRUCTION OF A PATIENT TOWER AND PARKING GARAGE, EXPANSION AND RENOVATION OF THE HOSPITAL'S EMERGENCY DEPARTMENT AND SURGERY SUITES, RELOCATION OF CERTAIN DEPARTMENTS ON THE HOSPITAL'S CAMPUS, AND PURCHASE OF CERTAIN EQUIPMENT USED IN THE HOSPITAL'S BUSINESS BOND B PROCEEDS WERE USED TO REPAY A TAXABLE LOAN, THE PROCEEDS OF WHICH WERE USED, TOGETHER WITH OTHER FUNDS, TO REDEEM THE AUTHORITY'S SERIES 2002A BONDS (NW COMMUNITY HOSPITAL) IN APRIL 2008 BOND C PROCEEDS WERE USED TO REFUND THE 2/13/2002 BOND ISSUANCE SCHEDULE K, PART II, LINE 3 BOND A THE TOTAL PROCEEDS INCLUDE \$341,424 OF INVESTMENT EARNINGS

Schedule L

Transactions with Interested Persons

OMB No 1545-0047

2011

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization

Northwest Community Hospital

Employer identification number

36-234031

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

Part III Grants or Assistance Benefitting Interested Persons.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SARAH BISHOP	see part v	26,406	salary		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION	SCHEDULE L, PART IV	SARAH BISHOP IS THE DAUGHTER OF JAMES H BISHOP (DIRECTOR)

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.

2011**Open to Public
Inspection**Name of the organization
Northwest Community Hospital**Employer identification number**

36-2340313

Identifier	Return Reference	Explanation
Description of Relationships	Form 990, Part VI, Question 2	BRUCE K CROWTHER, NORTHWEST COMMUNITY HOSPITAL (HOSPITAL) DIRECTOR AND CEO, AND JAMES H BISHOP, HOSPITAL DIRECTOR, SERVE ON THE BOARDS OF WINTRUST FINANCIAL CORPORATION AND BARRINGTON BANK AND TRUST COMPANY NA MICHAEL B ZENN, FORMER HOSPITAL OFFICER, AND JAMES H BISHOP, HOSPITAL DIRECTOR, SERVE ON THE BOARD OF VILLAGE BANK AND TRUST (A WINTRUST BANK) HOSPITAL DOES NOT TRANSACT ANY BUSINESS WITH WINTRUST FINANCIAL, BARRINGTON BANK, OR VILLAGE BANK AND TRUST

Identifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, QUESTION 6	NORTHWEST COMMUNITY HEALTHCARE (NCH) IS THE SOLE CORPORATE MEMBER OF NORTHWEST COMMUNITY HOSPITAL (HOSPITAL) AS SUCH, IT ELECTS OR APPOINTS THE MEMBERS OF HOSPITAL'S GOVERNING BODY AND APPROVES SIGNIFICANT DECISIONS. DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS FORM 990, PART VI, QUESTION 7A NCH IS THE SOLE CORPORATE MEMBER OF HOSPITAL AS SUCH, IT ELECTS OR APPOINTS THE MEMBERS OF THE GOVERNING BODY OF HOSPITAL PERIODICALLY OR AS VACANCIES ARISE. DECISIONS REQUIRING APPROVAL & TYPE OF VOTING RIGHTS FORM 990, PART VI, QUESTION 7B NCH IS THE SOLE CORPORATE MEMBER OF HOSPITAL AS SUCH, IT MUST APPROVE CERTAIN ACTIONS OF HOSPITAL. ACTION IS TAKEN BY A MAJORITY VOTE OF THE NCH BOARD WITH A QUORUM PRESENT. NCH MUST APPROVE THE FOLLOWING TYPES OF DECISIONS BY HOSPITAL: VOLUNTARY DISSOLUTION, MERGER, CONSOLIDATION OR SALE OR TRANSFER OF 10% OR MORE OF HOSPITAL'S ASSETS, SALE OF REAL PROPERTY OR INTEREST THEREIN, CREATION OF A SUBSIDIARY OR AFFILIATE, ANNUAL AND LONG-TERM CAPITAL AND OPERATING BUDGETS, AMENDMENT, ALTERATION OR REPEAL OF HOSPITAL'S ARTICLES OF INCORPORATION OR BYLAWS, SELECTION OF AUDITORS, APPOINTMENT, REMOVAL AND EVALUATION OF HOSPITAL DIRECTORS, DEBT OR INDEBTEDNESS, GUARANTEES OR BORROWINGS, APPOINTMENT, COMPENSATION, BENEFITS AND EVALUATION OF OFFICERS, APPOINTMENT AND EMPLOYMENT OF THE PRESIDENT, AND ACTIONS TAKEN BY TRUSTEES OF THE NORTHWEST COMMUNITY HOSPITAL EMPLOYEES RETIREMENT PLAN

Identifier	Return Reference	Explanation
Describe the Process used by Management &/or Governing Body to Review 990	FORM 990, PART VI, QUESTION 11B	<p>A COPY OF FORM 990 WAS MADE AVAILABLE TO THE MEMBERS OF HOSPITAL'S BOARD PRIOR TO FILING THE AUDIT AND COMPLIANCE COMMITTEE OF THE NCH BOARD REVIEWED FORM 990 FOR AFFILIATES OF NCH PRIOR TO DISTRIBUTION TO THE FULL BOARD Description of Process to Monitor Transactions for Conflicts of Interest Form 990, Part VI, Question 12c EACH YEAR, THE CONFLICT OF INTEREST POLICY AND QUESTIONNAIRE IS SENT TO DIRECTORS, OFFICERS AND KEY EMPLOYEES EACH RESPONSE IS REVIEWED BY THE GENERAL COUNSEL AND THOSE IN WHICH ANY ACTUAL OR APPARENT CONFLICT WITH THE PRESENT ROLE IS DISCLOSED, ARE REVIEWED BY THE PRESIDENT/CEO AND BOARD CHAIRPERSON IN THE CASE OF ANY CONFLICT INVOLVING AN ENTITY OR PARTY WITH WHICH HOSPITAL IS DEALING OR COMPETING, THE PERSON WITH THE CONFLICT MAY NOT PARTICIPATE IN ANY DECISIONS REGARDING THAT PARTY INDIVIDUALS WHO ARE INDEPENDENT CONTRACTORS, OFFICERS, DIRECTORS, OR EMPLOYEES OF OTHER HEALTHCARE FACILITIES IN HOSPITAL'S SERVICE AREA MAY NOT SERVE ON NCH'S OR ANY RELATED ORGANIZATION'S BOARD OR BOARD COMMITTEE. IN ADDITION, THE POLICY INCLUDES A SAMPLE CONFLICT OF INTEREST DISCLOSURE LETTER TO BE USED IF A CONFLICT ARISES AFTER SUBMISSION OF THE ANNUAL QUESTIONNAIRE AND BEFORE SUBMISSION OF THE NEXT ANNUAL QUESTIONNAIRE. SUCH DISCLOSURE LETTERS WOULD BE REVIEWED AS NOTED ABOVE AT THE TIME THEY ARE RECEIVED</p>

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

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

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

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS - OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, QUESTION 5	OTHER CHANGES IN NET ASSETS UNREALIZED GAIN ON SALE OF INVESTMENT 1,831,353 BASIS SWAP GAIN 1,064,599 LOSS ON EARLY EXTINGUISHMENT OF DEBT (319,354) PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST 1,939,914 RESTRICTED FUNDS - SILVER LINING PROGRAM (17,624) CHANGE IN TEMPORARILY RESTRICTED FUNDS 794,366 CHANGE IN PERMANENTLY RESTRICTED FUNDS 151,342 NET ASSETS TRANSFER TO NORTHWEST COMMUNITY HEALTHCARE (6,500,000) ----- OTHER CHANGES IN NET ASSETS (1,055,404)

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME M Shan Atkins TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME James H. Bishop TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Craig E Christell TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Daniel P DiCaro TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dale J Garber TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Louis A Gatta TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Marla E. Glabe TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Charles A. Hempfling TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Diane G Hill TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Francis J Lamberta, MD TITLE Director/Med Staff Pres 2011 HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Robert J Longo, MD TITLE Director/Med Staff Pres 2012 HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Allen S. Malmed, MD TITLE Director thru 12/31/11 HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Louis J Marsico TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mary R Sheahen TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME William D Soper, MD TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Raymond Grady TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Cynthia M Valukas, MD TITLE Director HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Max Brittain, Jr TITLE Chairperson 2011, 2012 HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Thomas P MacCarthy TITLE Vice Chairperson 2011, 2012 HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Bruce K Crowther TITLE President/CEO/Secretary HOURS 14

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Stephen O Scogna TITLE Exec VP/CFO/Treasurer HOURS 9

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME LEIGHTON B SMITH, MD TITLE Executive VP Medical Affairs HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MARK D LUSSON TITLE Executive VP Human RESOURCES HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DALE E BEATTY TITLE Exec VP Patient Services & CNO HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Michael C Hartke TITLE Exec VP Clinics Regional SerVS HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME WILLIS G PARSONS, MD TITLE Medical Director GI Center HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MALCOLM BILIMORIA, MD TITLE GASTROENTEROLOGY Physician HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME RAMEEZ ALASADI, MD TITLE GASTROENTEROLOGY Physician HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SOTIRIOS MARKULY, MD TITLE OB Gyne Hospitalist HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SONIA C MEHTA, MD TITLE EXEC DIR IMMEDIATE CARE OHS HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MICHAEL B ZENN TITLE FORMER Executive VP/COO/TREAS HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ANN SAYVETZ TITLE General Counsel HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ANGELA STEFANIU TITLE VP Marketing Bus Development HOURS

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Department of the Treasury
Internal Revenue ServiceOpen to Public
Inspection► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
► Attach to Form 990. ► See separate instructions.Name of the organization
Northwest Community HospitalEmployer identification number
36-2340313

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) NORTHWEST COMMUNITY PHYSICIANS ASSN LLC 3060 SALT CREEK LANE ARLINGTON HTS, IL 60005 51-0457240	PATIENT CARE	IL	2,901,038	526,056	NA
(2) NCH SERVICE COMPANY LLC 3060 SALT CREEK LANE ARLINGTON HTS, IL 60005 26-3791362	PATIENT CARE	IL	1,830,459	269,554	NCPA LLC

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) NORTHWEST COMMUNITY HEALTH SERVICES INC 800 WEST CENTRAL ROAD ARLINGTON HTS, IL 60005 36-3312906	HEALTHCARE SVCS	IL	HEALTHCARE	C CORP			
(2) NORTHWEST COMMUNITY CAPCO INC 800 WEST CENTRAL ROAD ARLINGTON HEIGHTS, IL 60005 36-4027717	MANAGED CARE	IL	HOSPITAL	C CORP	238,474	623,286	100 000 %
(3) NCH CASUALTY INSURANCE SPC LTD 68 WEST BAY ROAD KY1-1102 GRAND CAYMAN, CAYMAN ISLANDS CJ 98-0442062	INSURANCE	CJ	HEALTHCARE	C CORP			
(4) NCH PHYSICIANS COOPERATIVE 800 WEST CENTRAL ROAD ARLINGTON HEIGHTS, IL 60005 20-1830299	GROUP PURCHASING	IL	HOSPITAL	C CORP			100 000 %

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

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to 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		No
1b	Yes	
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k	Yes	
1l		No
1m		No
1n		No
1o		No
1p	Yes	
1q	Yes	
1r		No

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	NORTHWEST COMMUNITY CAPCO INC	P	289,129	COST
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

Part VII Supplemental Information

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

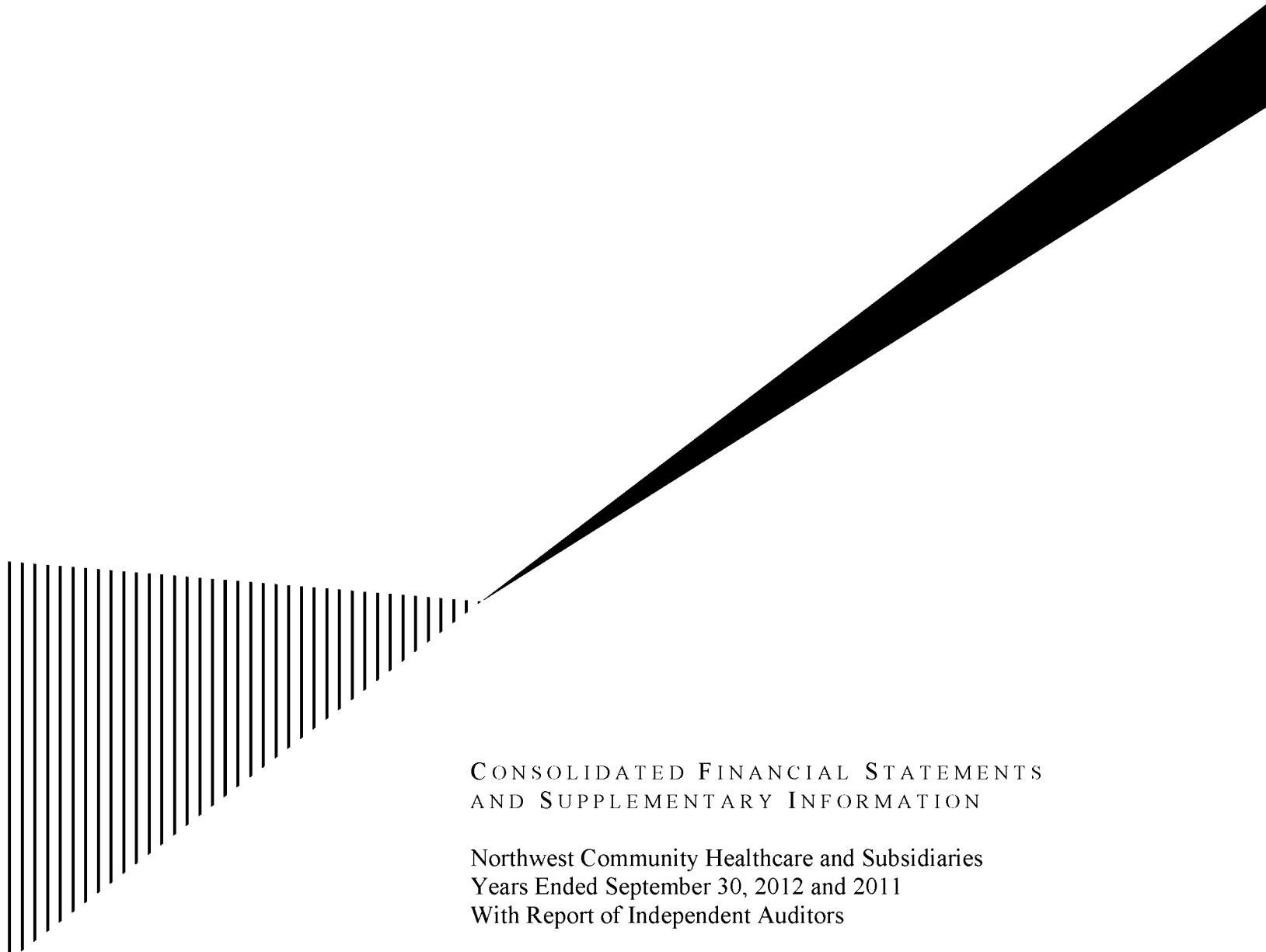
Identifier	Return Reference	Explanation

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee	Highest compensated employee per compensated			
M Shan Atkins Director	1 0	X								
James H Bishop Director	1 0	X						750		
Craig E Christell Director	1 0	X						350		
Daniel P DiCaro Director	1 0	X						350		
Dale J Garber Director	1 0	X								
Louis A Gatta Director	1 0	X						350		
Marla E Glabe Director	1 0	X						350		
Charles A Hempfling Director	1 0	X						550		
Diane G Hill Director	1 0	X						350		
Francis J Lamberta MD Director/Med Staff Pres 2011	10 0	X						48,350		
Robert J Longo MD Director/Med Staff Pres 2012	1 0	X						350		
Allen S Malmed MD Director thru 12/31/11	1 0	X						550		
Louis J Marsico Director	1 0	X						550		
Mary R Sheahen Director	1 0	X						550		
William D Soper MD Director	1 0	X						550		
Raymond Grady Director	1 0	X						350		
Cynthia M Valukas MD Director	1 0	X								
Max Brittain Jr Chairperson 2011, 2012	10 0	X		X				350		
Thomas P MacCarthy Vice Chairperson 2011, 2012	10 0	X		X				350	0	0
Bruce K Crowther President/CEO /Secretary	40 0			X				1,101,159	0	148,801
Stephen O Scogna Exec VP/CFO/Treasurer	40 0			X				361,175	0	27,038
LEIGHTON B SMITH MD Executive VP Medical Affairs	40 0				X			482,772	0	32,188
MARK D LUSSON Executive VP Human RESOURCES	40 0				X			373,147	0	78,282
DALE E BEATTY Exec VP Patient Services & CNO	40 0				X			354,532	0	48,944
Michael C Hartke Exec VP Clinics Regional SerVS	40 0				X			231,116	0	77,575

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or director	Individual trustee	Institutional Trustee	Office	key employee	Highest compensated employee	Former	
WILLIS G PARSONS MD Medical Director GI Center	40 0					X		1,709,339	0 16,368
MALCOLM BILIMORIA MD GASTROENTEROLOGY Physician	40 0					X		1,487,197	0 39,281
RAMEEZ ALASADI MD GASTROENTEROLOGY Physician	40 0					X		1,003,539	0 30,171
SOTIRIOS MARKULY MD OB Gyne Hospitalist	40 0					X		302,178	0 23,935
SONIA C MEHTA MD EXEC DIR IMMEDIATE CARE OHS	40 0					X		290,510	0 28,334
MICHAEL B ZENN FORMER Executive VP/COO/TREAS	0 0						X	395,990	0 20,789
ANN SAYVETZ General Counsel	0 0						X	154,595	0 17,269
ANGELA STEFANIU VP Marketing Bus Development	0 0						X	156,448	0 9,486



CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Northwest Community Healthcare and Subsidiaries
Years Ended September 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Northwest Community Healthcare and Subsidiaries
Consolidated Financial Statements and Supplementary Information
Years Ended September 30, 2012 and 2011

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	4
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplementary Information	
Report of Independent Auditors on Supplementary Information	41
Details of Consolidated Balance Sheet	42
Details of Consolidated Statement of Operations and Changes in Net Assets	44
Schedule of Charity Care and Community Benefits (Unaudited)	46

Report of Independent Auditors

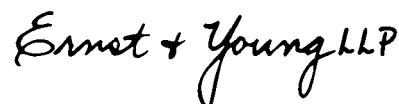
The Audit and Compliance Committee and the Board of Directors
Northwest Community Healthcare and Subsidiaries

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northwest Community Healthcare and Subsidiaries at September 30, 2012 and 2011, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, in fiscal 2012, Healthcare adopted authoritative guidance issued by the Financial Accounting Standards Board related to the presentation and disclosure of the provision for uncollectible accounts, and the reserve for self-insurance. As discussed in Note 2 to the consolidated financial statements, in fiscal 2011, Healthcare changed its method of accounting for goodwill.



January 28, 2013

Northwest Community Healthcare and Subsidiaries

Consolidated Balance Sheets

	September 30	
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 43,990,244	\$ 26,813,583
Investments restricted under bond financings	9,948	177,464
Patient accounts receivable, less allowances for uncollectible accounts (2012 – \$31,421,000, 2011 – \$28,727,000)	62,461,829	56,670,383
Other receivables	4,904,656	2,787,005
Prepaid expenses and other	9,966,701	10,498,245
Total current assets	121,333,378	96,946,680
Assets limited as to use, at fair value		
Internally designated for operations and liquidity	97,496,695	94,072,643
Internally designated for capital replacement	269,236,590	222,574,842
Internally designated for insurance (NCHCI)	2,977,578	2,904,385
Internally designated for endowment	1,413,685	1,172,195
Externally designated for endowment	1,385,421	1,147,455
	372,509,969	321,871,520
Property and equipment, at cost		
Land and land improvements	24,524,352	24,568,278
Buildings	346,657,472	355,789,194
Fixed equipment and leasehold improvements	219,822,663	226,280,936
Major movable equipment	117,215,716	117,243,251
Construction-in-progress	1,624,843	2,989,461
	709,845,046	726,871,120
Less accumulated depreciation	(284,852,362)	(285,254,630)
	424,992,684	441,616,490
Reinsurance receivable	23,576,391	–
Other long-term assets	9,068,310	9,124,232
Total assets	\$ 951,480,732	\$ 869,558,922

	September 30	
	2012	2011
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 10,909,468	\$ 12,335,076
Accrued expenses and other	54,935,015	55,710,123
Current maturities of long-term debt obligations	6,233,491	5,935,257
Due to third-party payors	42,168,160	31,117,170
Total current liabilities	114,246,134	105,097,626
Long-term debt obligations, less current maturities		
Series 2002B bonds	—	51,700,000
Series 2008A bonds	148,825,000	150,415,000
Series 2008B bonds	36,320,000	37,750,000
Series 2008C bonds	36,320,000	37,750,000
Series 2011 bonds	50,200,000	—
Capital lease obligation	602,714	903,181
	272,267,714	278,518,181
Asset retirement obligation	1,085,148	1,046,437
Other long-term liabilities	892,640	1,291,613
Interest rate swap	1,062,418	2,127,017
Reserve for self insurance	43,379,926	13,565,000
Pension obligation	43,274,512	53,071,853
Total noncurrent liabilities	361,962,358	349,620,101
Total liabilities	476,208,492	454,717,727
Net assets		
Unrestricted	468,349,430	408,812,196
Temporarily restricted	5,690,930	4,798,189
Permanently restricted	1,231,880	1,230,810
Total net assets	475,272,240	414,841,195
Total liabilities and net assets	\$ 951,480,732	\$ 869,558,922

See accompanying notes.

Northwest Community Healthcare and Subsidiaries

Consolidated Statements of Operations
and Changes in Net Assets

	Year Ended September 30	
	2012	2011
Revenue		
Net patient service revenue (net of contractual allowances)	\$ 505,575,719	\$ 500,770,828
Provision for uncollectible accounts	<u>(39,908,413)</u>	<u>(42,224,554)</u>
	465,667,306	458,546,274
Other operating revenue	27,493,379	18,444,068
Total revenue	493,160,685	476,990,342
Expenses		
Salaries and employee benefits	273,511,418	271,381,303
Supplies and other	95,904,162	102,828,935
Professional fees and purchased services	52,969,935	50,638,023
Depreciation and amortization	37,308,927	43,732,608
Illinois hospital assessment	11,676,247	11,676,136
Interest	10,052,357	9,943,803
Total expenses	481,423,046	490,200,808
Operating income (loss)	11,737,639	(13,210,466)
Nonoperating revenue (expense)		
Investment income (loss)	45,963,103	(3,567,773)
Change in value of interest rate swap	1,064,599	(151,878)
Other	(1,715,253)	458,504
Total nonoperating revenue (expense)	45,312,449	(3,261,147)
Excess (deficiency) of revenue over expenses	57,050,088	(16,471,613)

Northwest Community Healthcare and Subsidiaries

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

	Year Ended September 30	
	2012	2011
Unrestricted net assets		
Excess (deficiency) of revenue over expenses	\$ 57,050,088	\$ (16,471,613)
Pension-related changes other than net periodic pension cost	1,939,914	(9,400,636)
Net effect of endowment reclassification	—	(67,491)
Net assets released from restrictions used for purchase of property and equipment	<u>547,232</u>	1,038,353
Increase (decrease) in unrestricted net assets before cumulative effect of change in accounting principle	59,537,234	(24,901,387)
Cumulative effect of change in accounting principle	—	(17,919,940)
Increase (decrease) in unrestricted net assets	<u>59,537,234</u>	(42,821,327)
Temporarily restricted net assets		
Contributions	1,999,867	1,866,877
Investment income (loss)	236,837	(5,233)
Net assets released from restrictions used for Purchase of property and equipment	<u>(547,232)</u>	(1,038,353)
Operations	<u>(796,731)</u>	(608,785)
Increase in temporarily restricted net assets	<u>892,741</u>	214,506
Permanently restricted net assets		
Contributions	1,070	6,433
Net effect of endowment reclassification	—	67,491
Increase in permanently restricted net assets	<u>1,070</u>	73,924
Increase (decrease) in net assets	60,431,045	(42,532,897)
Net assets at beginning of year	<u>414,841,195</u>	457,374,092
Net assets at end of year	<u>\$ 475,272,240</u>	\$ 414,841,195

See accompanying notes.

Northwest Community Healthcare and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2012	2011
Operating activities		
Increase (decrease) in net assets	\$ 60,431,045	\$ (42,532,897)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Pension-related changes other than net periodic pension cost	(1,939,914)	9,400,636
Restricted contributions	(2,000,937)	(1,873,310)
Depreciation and amortization	37,308,927	43,732,608
Provision for uncollectible accounts	39,908,413	42,224,554
Loss on disposal of fixed assets	1,305,368	6,062
Unrealized (gain) loss on investments	(39,113,765)	9,531,546
Change in value of interest rate swap	(1,064,599)	151,878
Changes in other assets and liabilities		
Accounts receivable, other receivables, and due to third-party payors	(36,766,520)	(45,780,435)
Accounts payable and accrued expenses	(2,200,716)	(702,132)
Investments	(11,357,168)	3,942,302
Other assets and liabilities	(1,656,138)	20,762,071
Net cash provided by operating activities	<u>42,853,996</u>	<u>38,862,883</u>
Investing activities		
Property and equipment additions, net	(21,726,039)	(35,028,547)
Cash used in investing activities	<u>(21,726,039)</u>	<u>(35,028,547)</u>
Financing activities		
Issuance of long-term obligations	53,100,000	—
Payments on long-term obligations	(59,052,233)	(5,731,297)
Restricted contributions	2,000,937	1,873,310
Net cash used in financing activities	<u>(3,951,296)</u>	<u>(3,857,987)</u>
Net increase (decrease) in cash and cash equivalents	17,176,661	(23,651)
Cash and cash equivalents at beginning of year	26,813,583	26,837,234
Cash and cash equivalents at end of year	<u>\$ 43,990,244</u>	<u>\$ 26,813,583</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 8,994,302</u>	<u>\$ 8,516,572</u>

See accompanying notes

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2012

1. Organization and Nature of Operations

Northwest Community Healthcare (Healthcare) was established to own, operate, control, and otherwise coordinate the delivery of health care within the service area of Northwest Community Hospital (the Hospital) and coordinate the activities of the various corporations affiliated with Healthcare. Subsidiaries of Healthcare include the Hospital, Northwest Community Hospital Foundation (the Foundation), and Northwest Community Day Surgery Center, Inc (DSC), which are not-for-profit entities, Northwest Community Health Services, Inc (Health Services) and NPC-CyberKnife, LLC (CyberKnife), which are taxable entities, and NCH Casualty Insurance SPC Limited (NCHCI), a Cayman Islands corporation. The Hospital, located in Arlington Heights, Illinois, is a 496-bed acute care facility providing inpatient, outpatient, and emergency care services primarily to residents of Arlington Heights and the surrounding communities. Northwest Community Capco, Inc (Capco), an Illinois for-profit corporation, Northwest Community Physicians Association, LLC (NCPA), a limited liability company, and NCH Physicians Cooperative (NCHPC), an Illinois not-for-profit corporation, are subsidiaries of the Hospital. NCH Service Company, LLC (NCHSC), a limited liability company, is a subsidiary of NCPA.

Health Services owns and operates the NCH Medical Group (NCHMG), a multi-specialty physician practice that was established in 2010. NCHMG has offices in Arlington Heights, Buffalo Grove, Mt Prospect, and Palatine, Illinois.

CyberKnife was formed in June 2006 for the purpose of purchasing and owning a stereotactic radiosurgery system and leasing it to the Hospital. CyberKnife is a limited liability corporation that is owned by Healthcare (74% at September 30, 2012 and 2011) and physician investors (26% at September 30, 2012 and 2011). Healthcare consolidates CyberKnife, as Healthcare owns a majority of the units outstanding.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Healthcare, the Hospital, the Foundation, DSC, Health Services, Capco, NCPA, NCHPC, CyberKnife, NCHSC, and NCHCI. NCHPC had no financial transactions during 2012 and 2011 and did not hold any assets or liabilities as of September 30, 2012 and 2011. Significant intercompany transactions have been eliminated in consolidation.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Accounts Receivable

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

Inventories

Inventories are priced at the lower of cost, determined by the first-in, first-out method, or market

Investments

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

Derivative Instruments

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

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost. Healthcare uses the straight-line method of computing depreciation for property and equipment. In 2012, Healthcare performed asset useful life studies on all of its major fixed assets, primarily buildings, in order to more appropriately recognize useful lives reflective of the remaining expected lives of those component assets taking into consideration the longevity and functional use of such long-lived assets. As a result of these studies and the change in estimated useful lives, depreciation expense was reduced by \$7,200,000 for the year ended September 30, 2012.

Deferred Financing and Other Costs

Underwriting fees and other costs related to the issuance of the Series 2011 and Series 2008 bonds, which are included in other long-term assets, are deferred and amortized on a straight-line basis over the life of the related debt using methods that approximate the effective interest method.

General and Professional Liability Insurance

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

Reinsurance Receivable

Reinsurance receivable is recognized in a manner consistent with the liabilities relating to the underlying reinsured contracts.

Asset Retirement Obligation

Healthcare records the fair value of legal obligations associated with long-lived asset retirements. The asset retirement obligation is accreted to the present value of the liability each year. Asset retirement obligations include, but are not limited to, certain types of environmental issues that are legally required to be remediated upon an asset's retirement, as well as contractually required asset obligations.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Contributions and Restricted Net Assets

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

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

Substantially all restricted contributions benefiting Healthcare are initially received by the Foundation. When a donor restriction is met, the Foundation transfers the temporarily restricted gift to Healthcare, the Hospital, or DSC, at which time the related net assets are released from restriction in the financial statements.

Patient Service Revenue

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

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Other Operating Revenue

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in calendar year 2011 for eligible hospitals and professionals that implement and achieve meaningful use of electronic medical record (EHR) technology Healthcare utilized a grant accounting model to recognize revenues for Medicare and Medicaid EHR revenues of \$4,014,000 and \$324,000, respectively, during its fiscal year ended September 30, 2012 Medicare and Medicaid EHR revenue is recorded in other operating revenue in the consolidated statements of operations and changes in net assets Also recorded in other operating revenues are cafeteria revenues and rental income

Healthcare attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee In addition, Medicare EHR incentive payments received are subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated

Charity Care and Community Benefit

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

Healthcare policies have been established that define charity care and provide guidelines for assessing a patient's ability to pay Evaluation procedures for charity care qualification have been established for those situations when previously unknown financial circumstances are revealed or when incurred charges are significant when compared to the individual patient's income and/or net assets The cost to provide charity care using Healthcare's cost to charge ratio was \$8,943,000 and \$6,765,000 for 2012 and 2011, respectively The ratio of cost to charges is calculated based on the Healthcare's total operating expenses

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In addition to traditional charity care services, Healthcare has a financial assistance policy, which offers discounted services to uninsured patients who do not otherwise qualify for charity. The payments expected from patients are based on rates negotiated with managed care plans, with discounts determined on a sliding scale tied to the federal poverty level. Healthcare's financial assistance policy prohibits the use of collection practices, which do not respect the dignity of its patients, including the use of debtor's prison. Liens on principal residences must be approved by the Healthcare's Finance Committee and may not be used to force foreclosure or sale.

Effective for tax years beginning after March 23, 2010, the Patient Protection and Affordable Care Act (Affordable Care Act) requires, among other things, that hospital organizations establish a financial assistance policy and a policy relating to emergency medical care. Healthcare has adopted policies to be fully compliant with the new tax provisions as of October 1, 2011.

Excess (Deficiency) of Revenue Over Expenses

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

Asset Impairment

Healthcare considers whether indicators of impairment are present and performs the necessary test to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified, except for alternative investments and other nonoperating investment impairments, which are recognized in nonoperating revenue (expense) at the time the impairment is identified. There was no impairment of assets in 2012 and 2011, other than the write-down of goodwill in 2011.

Income Taxes

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

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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

Capco is a taxable entity and accounts for income taxes as provided by Accounting Standards Codification (ASC) 740, *Income Taxes*

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

Health Services and NCHPC are taxed as corporations

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation. Those reclassifications had no impact on net assets or excess (deficiency) of revenue over expenses as previously reported.

Adoption of Accounting and Reporting Standards

In July 2011, the Financial Accounting Standards Board (FASB) issued 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*. The provisions of ASU 2011-07 require certain health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue in the statement of operations rather than as an operating expense. Additional disclosures relating to sources of patient service revenue and the allowance for uncollectible accounts are also required.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. Healthcare early adopted the provisions of ASU 2011-07 as of and for the year ended September 30, 2012, and retrospectively applied the presentation requirements to all periods presented. The change in presentation as required by ASU No 2011-07 is reflected in Healthcare's consolidated statement of operations and changes in net assets and the disclosure is included in Note 4.

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. This guidance requires that health care entities present anticipated insurance recoveries separately on the balance sheet from estimated liabilities for medical malpractice claims or similar contingent liabilities. This guidance is effective for fiscal years beginning on or after December 15, 2010. Healthcare adopted the new guidance for the year ended September 30, 2012. The adoption of the standard increased non-current assets and reserve for self-insurance liabilities by \$23,576,000 in the accompanying consolidated balance sheet.

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosures*. This guidance clarifies and defines the calculation of charity care disclosed by not-for-profit entities. This guidance is effective for fiscal years beginning after December 15, 2010, and should be applied retroactively to all periods presented. This guidance was adopted by Healthcare for the year ended September 30, 2012, and had no impact on the consolidated financial statements. This disclosure is included in Note 2 under Charity Care and Community Benefit.

In January 2011, the FASB issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures. In addition, ASU 2010-07 included amendments to FASB's ASC Topic 350, *Intangibles – Goodwill and Other*, and Topic 810, *Consolidation*, to make both applicable to not-for-profit entities.

Effective October 1, 2010, Healthcare adopted the guidance relative to ASU 2010-07, which requires goodwill of not-for-profit entities to be evaluated for impairment at least annually. The goodwill impairment test is a two-step test. Under the first step, the fair value of each reporting unit is compared with its carrying value (including goodwill). If the fair value of a reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. Healthcare has determined that the appropriate reporting unit for goodwill is the consolidated Healthcare entity and the annual impairment test was performed at September 30, 2011. Healthcare applied the transition guidance under ASC Topic 350 and, as a result, recognized a goodwill impairment transition loss of \$17,920,000 in the 2011 consolidated statement of operations and changes in net assets, as a cumulative effect of a change in accounting principle.

3. Net Patient Service Revenue

The Hospital's net patient service revenue accounts for approximately 92% and 93% of Healthcare's consolidated net patient service revenue in 2012 and 2011, respectively. In 2012, approximately 31% of the Hospital's net patient service revenue was derived from Medicare, and approximately 57% of the Hospital's net patient service revenue was derived from Medicaid, Blue Cross, and commercial managed care programs, which provide for payments to the Hospital at amounts different from its established rates. Reimbursement under these programs is based on a specific amount per case, or a contracted price, as defined, for rendering services to program beneficiaries.

Net patient service revenue consists of the following at September 30, 2012 (in thousands)

Medicare	\$ 157,304
Medicaid	26,629
Managed care	274,941
Self-pay	34,846
Commercial	11,856
Revenue before provision for uncollectible accounts	505,576
Provision for uncollectible accounts	39,908
Net patient service revenue	<u><u>\$ 465,668</u></u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Net Patient Service Revenue (continued)

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements. The Hospital recorded contractual allowances in the current period representing the difference between charges for services rendered and the expected payments under these programs and adjusts them in future periods as final settlements through cost reports or other means are determined.

Adjustments arising from reimbursement arrangements with third-party payors are accrued for on an estimated basis in the period in which the services are rendered. Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2009. During the years ended September 30, 2012 and 2011, changes in estimates related to the settlement of cost reports have been recognized as net patient service revenue for the Hospital by approximately \$(242,000) and \$302,000, respectively, as a result of favorably settled appeals, and changes in estimates related to services rendered in previous years.

Additionally, during 2012, the Hospital recognized as part of net patient service revenue \$5,060,000 for the Medicare Rural Floor Budget Neutrality Act Settlement (the Settlement). The Settlement with Centers for Medicare and Medicaid Services involved numerous hospitals nationwide and was reached to resolve a challenge made by the plaintiff hospitals for underpayment of Medicare services dating back to 1999. Costs associated with attaining the Settlement are included in other operating expenses in the consolidated statements of operations and changes in net assets.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Governmental agencies routinely conduct random regulatory investigations and compliance audits of health care organizations. During the last few years, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. The Hospital is currently undergoing a Medicaid compliance audit, and as a result, recorded amounts may change in the near term. The ultimate resolution of this matter cannot be readily determined at this time, however, management is of the opinion that any changes in recorded amounts will not have a material effect on Healthcare's financial condition. Healthcare believes that it is in compliance with applicable laws and regulations and is not aware of any other pending or threatened investigations involving allegations of potential wrongdoing.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Uncollectible Accounts

Healthcare analyzes the allowance for uncollectible accounts quarterly using a hindsight calculation that utilizes write-off data for all payer classes during the previous twelve-month period to estimate the allowance for uncollectible accounts at a point in time. The standard percentages in the allowance for uncollectible accounts reserve are adjusted as necessary given changes in trends from these analyses or policy changes. Significant changes in payer mix, business office operations, general economic conditions, and health care coverage provided by federal or state governments or private insurers may have a significant impact on Healthcare's estimates and significantly affect its liquidity, results of operations, and cash flows.

Healthcare's estimate of the allowance for uncollectible accounts and recoveries of accounts previously written off determines its provision for uncollectible accounts recorded during the period. Healthcare records the provision for uncollectible accounts at the time the services are provided for uninsured patients, since historical experience shows that the significant majority of uninsured balances will not be collected. Healthcare also supplements its analysis by monitoring self-pay utilization. Healthcare records the provision for doubtful accounts related to self-pay after insurance accounts at the time the insurance payment has been received. Healthcare also records a provision for uncollectible accounts related to uninsured accounts to record the net self-pay accounts receivable at the estimated amounts expected to be collected.

Healthcare manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for contractual discounts and uncollectible amounts. Healthcare typically writes off uncollected accounts receivable 120 days subsequent to discharge date. Healthcare has periodically adjusted its policy to increase the standard percentages applied to uninsured accounts and self-pay after insurance/Medicare accounts to account for pricing changes and for the impact of its uninsured discount policy.

Healthcare classifies accounts pending Medicaid approval as either Medicaid or self-pay in its accounts receivable analysis. An estimated approval percentage is utilized to estimate those accounts that will be approved for Medicaid, and a contractual allowance amount is calculated for these accounts. The net account balance is further subject to the allowance for uncollectible accounts reserve policy. For those accounts that do not qualify for Medicaid coverage, the balances are reclassified to self-pay and charity or provision for uncollectible accounts are calculated, as appropriate.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Uncollectible Accounts (continued)

Healthcare serves certain patients whose medical care costs are not paid at established rates. These patients include those sponsored under government programs such as Medicare and Medicaid, those sponsored under private contractual agreements, charity patients, and other uninsured patients who have limited ability to pay.

Patient service revenue is reported at estimated net realizable amounts for services rendered. Healthcare recognizes patient service revenue associated with patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, revenue is recognized on the basis of discounted rates in accordance with Healthcare's policy. Estimates of contractual allowances under managed care health plans are based upon the payment terms specified in the related contractual agreements.

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 for the years ended September 30, 2012 and 2011, is as follows (in thousands):

Fiscal Year Ended	Third-Party Payors	Self-Pay	Total All Payors
September 30, 2012	\$ 470,730	\$ 34,846	\$ 505,576
September 30, 2011	\$ 464,826	\$ 35,944	\$ 500,770

The allowance for uncollectible accounts was \$31.4 million and \$28.7 million as of September 30, 2012 and 2011, respectively. These balances as a percent of accounts receivable, net of contractual adjustments, were approximately 33.5% and 33.7% at September 30, 2012 and 2011, respectively. Healthcare's combined allowance for uncollectible accounts, uninsured discounts, and charity care covered approximately 94.7% and 92.6% of combined uninsured and self-pays after insurance accounts receivable at September 30, 2012 and 2011, respectively.

The increase in allowance for uncollectible accounts during the year ended September 30, 2012, was primarily the result of an increase in uninsured and self-pay balances after estimates of insurance accounts receivable.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Uncollectible Accounts (continued)

A summary of Healthcare's allowance for uncollectible accounts activity during 2012 and 2011 fiscal years is as follows (in thousands)

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Accounts Written Off, Net of Recoveries and Other	Balance at End of Year
Allowance for doubtful accounts				
Year ended				
September 30, 2012	\$ 28,720	\$ 42,173	\$ (39,497)	\$ 31,396
Year ended				
September 30, 2011	<u>\$ 19,012</u>	<u>\$ 57,508</u>	<u>\$ (47,800)</u>	<u>\$ 28,720</u>

5. Concentrations of Credit Risk

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

	2012	2011
Medicare	13%	18%
Medicaid	22	22
Managed care	48	45
Other third-party payors	13	12
Self-pay patients	4	3
	100%	100%

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Investments

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

	2012	2011		
	\$	10	\$	177
Investments restricted under bond financings				
Cash and cash equivalents	854	\$ 1,203		
Assets limited as to use				
Internally designated for operations and liquidity				
Cash and money market funds	11,531	14,896		
U S government and agency obligations	83,625	75,365		
Corporate bonds	1,487	2,609		
Municipal bonds	97,497	94,073		
Internally designated for capital replacement				
Alternative investments	35,915	34,763		
Common stocks	233,322	187,812		
Internally designated for insurance (NCHCI)				
Mutual funds	2,977	2,904		
Internally and externally designated for endowment				
Mutual funds	2,799	2,320		
Total assets limited as to use	372,510	\$ 321,872		

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Investments (continued)

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

	2012	2011
Interest and dividends	\$ 6,201	\$ 5,880
Net realized gains (losses) on investments	4,389	(458)
Change in net unrealized gains and losses on investments	<u>39,114</u>	<u>(9,532)</u>
	<u><u>\$ 49,704</u></u>	<u><u>\$ (4,110)</u></u>
Reported as		
Other operating revenue	\$ 3,504	\$ (537)
Investment income (loss)	<u>45,963</u>	<u>(3,568)</u>
Temporarily restricted investment income (loss)	<u>237</u>	<u>(5)</u>
	<u><u>\$ 49,704</u></u>	<u><u>\$ (4,110)</u></u>

7. Fair Value Measurements

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

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

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

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following table presents the financial instruments carried at fair value, except certain alternative investments, as of September 30, 2012, by caption on the consolidated balance sheet by the valuation hierarchy defined above (in thousands).

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 43,990	\$ —	\$ —	\$ 43,990
Investments restricted under bond financings				
Cash and cash equivalents	10	—	—	10
Internally designated for operations and liquidity				
Cash and money market funds	854	—	—	854
U.S. government and agency obligations	—	11,531	—	11,531
Corporate bonds	—	83,625	—	83,625
Municipal bonds	—	1,487	—	1,487
	<u>854</u>	<u>96,643</u>	<u>—</u>	<u>97,497</u>
Internally designated for capital replacement				
Cash and cash equivalents	80	—	—	80
Mutual funds				
U.S. equity	191,811	—	—	191,811
Fixed income	41,431	—	—	41,431
	<u>233,322</u>	<u>—</u>	<u>—</u>	<u>233,322</u>
Internally designated for insurance				
Mutual funds – short-term fixed income	2,977	—	—	2,977
Internally and externally designated for endowment				
Mutual funds				
U.S. equity	1,395	—	—	1,395
International equity	401	—	—	401
Fixed income	1,003	—	—	1,003
	<u>2,799</u>	<u>—</u>	<u>—</u>	<u>2,799</u>
Investments at fair value	<u>\$ 283,952</u>	<u>\$ 96,643</u>	<u>\$ —</u>	<u>\$ 380,595</u>
Alternative investments not at fair value (equity method)				
				\$ 35,915
				<u>\$ 416,510</u>
Liabilities				
Interest rate swap	\$ —	\$ 1,062	\$ —	\$ 1,062

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements (continued)

The following table presents the financial instruments carried at fair value, except certain alternative investments, as of September 30, 2011, by caption on the consolidated balance sheet by the valuation hierarchy defined above (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 26.814	\$ –	\$ –	\$ 26.814
Investments restricted under bond financings				
Cash and cash equivalents	177	–	–	177
Internally designated for operations and liquidity				
Cash and money market funds	1.203	–	–	1.203
U S government and agency obligations	–	14.896	–	14.896
Corporate bonds	–	75.365	–	75.365
Municipal bonds	–	2.609	–	2.609
	<u>1.203</u>	<u>92.870</u>	<u>–</u>	<u>94.073</u>
Internally designated for capital replacement				
Cash and cash equivalents	36	–	–	36
Mutual funds				
U S equity	122.459	–	–	122.459
International equity	26.500	–	–	26.500
Fixed income	38.817	–	–	38.817
	<u>187.812</u>	<u>–</u>	<u>–</u>	<u>187.812</u>
Internally designated for insurance				
Mutual funds – short-term fixed income	2.904	–	–	2.904
Internally and externally designated for endowment				
Mutual funds				
U S equity	1.133	–	–	1.133
International equity	327	–	–	327
Fixed income	860	–	–	860
	<u>2.320</u>	<u>–</u>	<u>–</u>	<u>2.320</u>
Investments at fair value	<u>\$ 221.230</u>	<u>\$ 92.870</u>	<u>\$ –</u>	<u>\$ 314.100</u>
Alternative investments not at fair value (equity method)				34.763
				<u>\$ 348.863</u>
Liabilities				
Interest rate swap	<u>\$ –</u>	<u>\$ 2.127</u>	<u>\$ –</u>	<u>\$ 2.127</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements (continued)

The fair value of Level 1 investments is based on quoted market prices and is valued on a daily basis. Level 2 pricing is based on the custodian's pricing methodologies that are based on institutional bid evaluations. Institutional bid evaluations are estimated prices computed by pricing vendors. These prices are determined using observable inputs for similar securities as of the measurement date. Redemption frequency is monthly. The fair value of the interest rate swap is based on discounted cash flows adjusted for nonperformance risk. The adjustment is based on bond pricing for equivalent credit-related entities.

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

The estimated fair value of long-term debt (including current portion) based on quoted market prices for the same or similar issues was \$292,482,000 and \$285,141,000 at September 30, 2012 and 2011, respectively.

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

8. Long-Term Obligations

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

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Long-Term Obligations (continued)

All obligations issued under the master trust indenture are secured by a security interest in the receivables of the Obligated Group as defined in the master trust indenture

Under the terms of the master trust indenture and reimbursement agreements obtained in relation to the Series 2011 debt, the Obligated Group must meet certain financial covenants, including minimum debt service coverage levels As of September 30, 2012, the Obligated Group was in compliance with these covenants

Interest expense, including cash settlements from swap agreements during 2012 and 2011, was approximately \$8,929,000 and \$8,536,000, respectively In 2012 and 2011, \$0 and \$18,000 of net interest, respectively, was capitalized

Series 2011 Bonds

Pursuant to the Bond Supplemental Master Indenture dated December 1, 2011, the Illinois Finance Authority (IFA) issued \$53,100,000 of variable rate demand revenue bonds (the Series 2011 debt) on behalf of the Hospital The proceeds were used to currently refund the Series 2002B debt The bonds were initially purchased by a bank For an initial term of ten years, the bonds bear interest at a variable rate based on a percentage of LIBOR plus an agreed-upon spread Effective December 1, 2021, the bonds are payable on demand The bonds have a final maturity date of July 1, 2032 The average interest rate during 2012 was 1 53%

Series 2008A Bonds

In September 2008, the IFA issued \$154,765,000 of revenue bonds (the Series 2008A debt) on behalf of the Hospital to fund certain capital projects The bonds are payable in varying installments through July 1, 2038, and bear interest at fixed rates ranging from 4 00% to 5 37% Proceeds from the Series 2008A debt were used to reimburse the Hospital for prior capital expenditures and to pay issuance costs of the bonds

Series 2008B and Series 2008C Bonds

In October 2008, the IFA issued \$86,820,000 of variable rate demand revenue bonds (the Series 2008B/C debt) on behalf of the Hospital The proceeds were used to refinance a taxable bank loan originally obtained to refund the Obligated Group's Series 2002A debt The bonds are payable in varying installments through July 1, 2032, and bear interest at a variable rate not to exceed 12% The average interest rate during 2012 and 2011 was 0 2%

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Long-Term Obligations (continued)

The direct pay letter of credit securing the Series 2008B/C debt was replaced on December 1, 2011, with irrevocable transferable letters of credit that expire on December 1, 2016. The letters of credit provide a commitment to provide funds for the purchase of Series 2008B/C bonds that may be tendered pursuant to an optional or a mandatory tender and that have not been remarketed. Such advances convert to term loans, with principal payments payable no earlier than a year and a day from the date of the advance.

Unamortized underwriting fees and other costs related to the issuance of the Series 2008 and 2011 bonds of \$5,692,000 and \$5,644,000 are included in other long-term assets at September 30, 2012 and 2011, respectively.

Series 2002B Bonds

In February 2002, the IFA issued \$62,000,000 of variable rate demand revenue bonds (the Series 2002B debt) on behalf of the Hospital to fund certain capital projects and to refund the Series 1995 and Series 1997 debt. The bonds are payable in varying installments through July 1, 2032, and bear interest at a variable rate not to exceed 16%. The average interest rate during 2012 and 2011 was 0.2%. The Series 2002B bonds were refunded by the 2011 issuance of \$53,100,000 of variable rate demand revenue bonds (the Series 2011 debt) and resulted in a loss of \$319,000, which is included in other nonoperating expense for the year ended September 30, 2012.

The future principal payments on the bonds and capital lease obligations are as follows (in thousands):

	Series 2008A	Series 2008B/C	Series 2011	Capital Leases	Total
Year ending September 30					
2013	\$ 1,590	\$ 2,860	\$ 1,500	\$ 283	\$ 6,233
2014	1,685	2,910	1,600	301	6,496
2015	1,770	2,970	1,700	302	6,742
2016	1,855	3,150	1,700	—	6,705
2017	1,960	3,250	1,800	—	7,010
Thereafter	141,555	60,360	43,400	—	245,315
Total principal payments	\$ 150,415	\$ 75,500	\$ 51,700	\$ 886	\$ 278,501

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Derivatives

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

During 2003, the Hospital entered into an interest rate swap agreement (the swap agreement) with a notional amount of \$100,000,000 to hedge against changing interest rates. Under the terms of the swap agreement, the Hospital receives semiannual payments based upon 81% of the one-month LIBOR and makes semiannual payments based upon the SIFMA Index. The scheduled termination date of the swap agreement is July 1, 2032. During 2012, the notional amount was reduced to \$75,950,000.

The Hospital's swap agreement contains a provision requiring posting of collateral to the counterparty if the swap is in a liability position and the liability amount exceeds certain specific threshold amounts. The threshold amounts are determined based on the credit rating assigned by Moody's or Standard & Poor's to the Hospital's variable rate bonds. As of September 30, 2012, the liability of \$1,062,000 is below the threshold, and as such, no collateral has been posted. Similarly, the swap agreement requires the counterparty to post collateral to the Hospital if the swap is in an asset position and exceeds certain threshold amounts.

Net amounts paid or received under the swap agreement are included in interest expense. The change in the fair value of the swap agreement was approximately \$1,065,000 and \$(152,000) in 2012 and 2011, respectively, and is recorded as a nonoperating revenue (expense). The fair value of the swap agreement recognized as a noncurrent liability approximates \$1,062,000 and \$2,127,000 at September 30, 2012 and 2011, respectively.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Derivatives (continued)

Following is a summary of the swap agreement as of September 30, 2012 and 2011

Year	Notional Amount	Maturity Date	Rate Paid	Rate Received
2012	\$ 75,950,000	July 2032	USD-SIFMA Municipal Swap Index	81% of LIBOR
2011	\$ 78,900,000	July 2032	USD-SIFMA Municipal Swap Index	81% of LIBOR

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

	Balance Sheet Location	2012	2011
Derivative not designated as hedging instrument under ASC 815			
Interest rate contract	Interest rate swap	\$ (1,062)	\$ (2,127)

The effects of derivative instruments on the consolidated statements of operations and changes in net assets for 2012 and 2011 are as follows (in thousands)

	Location of Gain (Loss)	Amount of Gain (Loss)	
		2012	2011
Derivative not designated as hedging instrument under ASC 815	Included in excess (deficiency) of revenue over expenses		
Interest rate contract	Interest expense Change in value of interest rate swap (nonoperating expense)	\$ 39 \$ 1,065	\$ (27) (152)

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Restricted Net Assets

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

	2012	2011
Temporarily restricted		
Patient care addition/emergency department expansion	\$ 582	\$ 1,188
Emergency department imaging center	1,466	1,380
Intensive care nursery	74	117
Specific hospital programs	23	57
Other special uses	790	1,076
Youth treatment center	121	197
Nursing education	87	133
Women's services	156	78
Community services	64	24
Cancer services	1,840	548
Presidents innovation	475	—
Pediatrics	13	—
	\$ 5,691	\$ 4,798
Permanently restricted		
Youth treatment center	\$ 318	\$ 318
Nursing education	689	689
Endowment – general	225	224
	\$ 1,232	\$ 1,231

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

Healthcare has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), as adopted by the state of Illinois, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Healthcare classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Restricted Net Assets (continued)

Any remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the donor intent or, where silent, standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Healthcare considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

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

To satisfy its long-term rate-of-return objectives, Healthcare relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Healthcare targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

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

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Restricted Net Assets (continued)

The changes in restricted net assets for the years ended September 30, 2012 and 2011, are summarized below (in thousands)

	Temporarily Restricted	Permanently Restricted	Total
Restricted net assets, October 1, 2010	\$ 4,584	\$ 1,157	\$ 5,741
Contributions	1,866	6	1,872
Investment loss	(5)	—	(5)
Appropriation for expenditure	(1,647)	—	(1,647)
Other	—	68	68
Restricted net assets, September 30, 2011	<u>4,798</u>	<u>1,231</u>	<u>6,029</u>
Contributions	2,000	1	2,001
Investment gain	237	—	237
Appropriation for expenditure	(1,344)	—	(1,344)
Other	—	—	—
Restricted net assets, September 30, 2012	<u>\$ 5,691</u>	<u>\$ 1,232</u>	<u>\$ 6,923</u>

11. Insurance Programs

Healthcare is a defendant in certain lawsuits and may be subject to additional claims alleging professional liability. Effective November 1, 1978, Healthcare began insuring basic professional and general liability coverage, subject to a nominal deductible, through the Chicago Hospital Risk Pooling Program (CHRPP). CHRPP was a self-insured trust established under the Illinois Religious and Charitable Risk Pooling Trust Act of 1977.

As of December 31, 2010, CHRPP discontinued the issuance of professional and general liability coverage and commenced a voluntary runoff of its claim portfolio effective January 1, 2011. As of that date, Healthcare established a self-insured retention program in which it retains the risk for all claims with individual values under \$4,000,000. An additional "buffer" self-insured retention exists for the first claim that exceeds \$4,000,000. Healthcare has obtained commercial insurance on a claims-made basis for claims exceeding the self-insured retention. Healthcare's self-insurance and tail liabilities as of September 30, 2012 and 2011, of \$43,380,000 and \$13,565,000, respectively, are reported in the accompanying consolidated balance sheets at present value based on discount rates of 5.0% and 4.5% as of September 30, 2012 and 2011, respectively. The undiscounted gross self-insurance and tail liabilities were \$54,168,000 and

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Insurance Programs (continued)

\$16,545,000 at September 30, 2012, and 2011, respectively. Provisions for professional and general liability risks are based on an actuarial estimate of losses using actual loss data adjusted for industry trends and current conditions. The provision for estimated self-insured claims includes estimates of ultimate costs for both reported claims and claims incurred but not reported. A reinsurance receivable of \$23,576,000 was recorded at September 30, 2012.

Actuarial estimates are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions. The actual claim payments could be materially different from the estimate. In the opinion of management, although certain of these claims could potentially exceed Healthcare and subsidiaries' coverage, the final premiums and costs and the ultimate disposition of claims covered under the self-insured program will not have a material adverse effect on the financial position of Healthcare.

12. Commitments

Lease Agreements

Healthcare leases space under operating lease agreements and equipment under capital lease obligations. Total expense recognized for operating lease agreements during 2012 and 2011 was approximately \$2,492,000 and \$2,695,000, respectively.

As of September 30, 2012, Healthcare is required to make the following future minimum payments under the noncancelable lease agreements (in thousands):

2013	\$ 2,082
2014	2,003
2015	1,982
2016	1,650
2017	1,279
Thereafter	2,658
	<hr/>
	\$ 11,654

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans

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

Defined-Benefit Plan

ASC 715 requires plan sponsors of defined-benefit pension plans to recognize the funded status of their plans in the balance sheet, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end balance sheet, and provide additional disclosures. A September 30 measurement date was utilized for 2012 and 2011.

During fiscal 2010, the Hospital elected to freeze benefit accruals for all participants in the Plan. An amendment to the Plan eliminated all future benefit accruals, including participants' credited service, final average earnings, and final average compensation amounts used to calculate Plan benefits.

The Plan's prior service cost and actuarial (gains) losses included in unrestricted net assets during 2012 and 2011 are \$(1,940,000) and \$9,401,000, respectively.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans (continued)

The status of the Plan at September 30 and for the years then ended is as follows (in thousands)

	2012	2011
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 220,070	\$ 217,257
Service cost	—	—
Interest cost	8,835	9,387
Actuarial loss	18,689	6,123
Settlements	(14,343)	(11,430)
Benefits paid	(1,418)	(1,267)
Projected benefit obligation at end of year	<u>231,833</u>	<u>220,070</u>
Change in plan assets		
Fair value of plan assets at beginning of year	166,998	170,554
Actual gain on plan assets	28,321	6,141
Employer contributions	9,000	3,000
Settlements	(14,343)	(11,430)
Benefits paid	(1,418)	(1,267)
Fair value of plan assets at end of year	<u>188,558</u>	<u>166,998</u>
Funded status as of measurement date	<u>(43,275)</u>	<u>(53,072)</u>
Unrestricted net assets		
Adjustment to unrestricted net assets	(73,564)	(75,504)
Components of unrestricted net assets		
Unrecognized net actuarial loss	73,564	75,504
Net amount recognized at end of year	<u>\$ (43,275)</u>	<u>\$ (53,072)</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans (continued)

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

	2012	2011
Interest cost on projected benefit obligation	\$ 8,835	\$ 9,388
Expected return on plan assets	(13,996)	(14,775)
Net amortization and deferral	1,694	1,433
Settlement charge	4,610	3,921
Net periodic pension cost	\$ 1,143	\$ (33)

The accumulated benefit obligation for the Plan was approximately \$231,833,000 and \$220,070,000 at September 30, 2012 and 2011, respectively

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

	2012	2011
Discount rate	3.3%	4 3%
Expected long-term rate of return on plan assets	8.5%	8 5%
Rate of compensation increase	N/A	N/A

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

	2012	2011
Discount rate	4.1%*	4 5%
Expected long-term rate of return on plan assets	8.5%	9 0%
Rate of compensation increase	N/A	N/A

*Computed as weighted-average discount rate of 4 3% for nine months and 3 58% for three months

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans (continued)

The expected long-term rate of return on plan assets was developed using expected investment returns of the Plan's investment portfolio. The portfolio's actual rate of return has averaged 6.2% since 2001.

The Plan's weighted-average asset allocations at September 30, 2012 and 2011, by asset category are as follows:

Asset category	Target	2012	2011
Equity securities	43%	45%	42%
Fixed income securities	47	46	48
Alternative investments	10	9	10
	100%	100%	100%

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

Minimum contributions for 2013 are expected to be \$8,404,000.

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans (continued)

The following are the Plan's financial instruments at September 30, 2012, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 7 (in thousands)

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 668	\$ —	\$ —	\$ 668
Mutual funds				
U S equity	56,101	—	—	56,101
International equity	27,650	—	—	27,650
Fixed income	64,570	—	—	64,570
High-yield bonds	15,262	—	—	15,262
Emerging markets debt	7,420	—	—	7,420
Hedge fund of funds	—	—	16,887	16,887
	\$ 171,671	\$ —	\$ —	\$ 188,558

The following are the Plan's financial instruments at September 30, 2011, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 7 (in thousands)

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 335	\$ —	\$ —	\$ 335
Mutual funds				
U S equity	47,265	—	—	47,265
International equity	22,993	—	—	22,993
Fixed income	59,737	—	—	59,737
High-yield bonds	13,358	—	—	13,358
Emerging markets debt	6,483	—	—	6,483
Hedge fund of funds	—	—	16,827	16,827
	\$ 150,171	\$ —	\$ 16,827	\$ 166,998

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans (continued)

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 7. Fair value measurements for Level 3 represent the Plan's ownership interests in the net asset value of a limited partnership investing in hedge funds for which active markets do not exist (alternative investments). The fair values of the alternative investments that do not have readily determinable fair values are determined by the general partner or fund manager taking into consideration, among other things, the cost of the securities or other investments, prices of recent significant transfers of like assets, and subsequent developments concerning the companies or other assets to which the alternative investments relate.

There is inherent uncertainty in such valuations, and the estimated fair values may differ from the values that would have been used had a ready market for these investments existed. The Plan's alternative investments also have liquidity restrictions and can be divested only at specified times based on terms in the partnership agreements.

The Plan's investment assets are exposed to the same kinds and levels of risk as described in Note 7.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the period from September 30, 2010 to September 2012 (in thousands).

	<u>Hedge Fund of Funds</u>
Value at October 1, 2010	\$ 16,049
Change in unrealized gain related to holdings at September 30, 2011	778
Value at September 30, 2011	<u>16,827</u>
Change in unrealized gain related to holdings at September 30, 2012	60
Value at September 30, 2012	<u><u>\$ 16,887</u></u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Employee Retirement Plans (continued)

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

	Pension Benefits
2013	\$ 19,987
2014	19,814
2015	17,695
2016	16,636
2017	16,952
2018 to 2022	72,865

Defined-Contribution Plan

As of January 1, 2005, substantially all new employees are eligible for the DC Plan. Total DC Plan expense was approximately \$12,456,000 and \$12,296,000 in 2012 and 2011, respectively.

14. Functional Expenses

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

	2012	2011
Health care services	\$ 401,741	\$ 398,209
General and administrative	79,171	91,533
Fund-raising	511	459
	<u>\$ 481,423</u>	<u>\$ 490,201</u>

Northwest Community Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Illinois Hospital Assessment Program

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

The Hospital recognized the following amounts in the years ended September 30, 2012 and 2011 (in thousands)

	2012	2011
HAP revenue in net patient service revenue	\$ 11,704	\$ 11,798
HAP assessment in operating expense	11,676	11,676
Net excess from HAP	<u>\$ 28</u>	<u>\$ 122</u>

16. Subsequent Events

Healthcare and subsidiaries evaluated events and transactions occurring subsequent to September 30, 2012 through January 28, 2013, the issuance date of these consolidated financial statements. During this period, it is management's determination that there were no other subsequent events requiring recognition that have not been recorded in the consolidated financial statements or no subsequent events requiring disclosure in the consolidated financial statements, except for the following.

On January 1, 2013, Healthcare incorporated a related captive insurance company in the Cayman Islands. The newly formed company will provide medical professional and general liability coverage for the risks of Healthcare and its subsidiaries, which are currently self-insured. In addition, it is anticipated that the new company will provide prospective coverage for the employed physicians of Healthcare who are currently covered by NCHCI. NCHCI will continue to operate and provide coverage for non-employed physicians associated with Healthcare.

Supplementary Information

Report of Independent Auditors on Supplementary Information

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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of Northwest Community Healthcare and Subsidiaries. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

January 28, 2013

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Balance Sheet

September 30, 2012

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	Consolidating Eliminations	Total
Assets									
Current assets									
Cash and cash equivalents	\$ 3 592 670	\$ 31 390 144	\$ 2 879 547	\$ 918 977	\$ 1 226 051	\$ 321 646	\$ 3 661 209	\$ -	\$ 43 990 244
Investments restricted under bond financings	-	9 948	-	-	-	-	-	-	9 948
Patient accounts receivable less allowance for uncollectible accounts (\$31 421 000)	-	58 986 627	-	1 199 515	-	-	2 275 687	-	62 461 829
Other receivables	491 548	1 845 313	897 896	25 095	1 451 552	-	193 252	-	4 904 656
Prepaid expenses and other	-	8 208 181	-	1 282 660	3 643	81 249	390 968	-	9 966 701
Due from affiliates	-	2 843 744	-	-	-	98 016	-	(2 941 760)	-
Total current assets	4 084 218	103 283 957	3 777 443	3 426 247	2 681 246	500 911	6 521 116	(2 941 760)	121 333 378
Assets limited as to use at fair value									
Internally designated for operations and liquidity	-	97 484 804	11 891	-	-	-	-	-	97 496 695
Internally designated for capital replacement	269 236 590	-	-	-	-	-	-	-	269 236 590
Internally designated for insurance (NCHCI)	-	-	-	-	2 977 578	-	-	-	2 977 578
Internally designated for endowment	-	-	1 413 685	-	-	-	-	-	1 413 685
Externally designated for endowment	-	-	1 385 421	-	-	-	-	-	1 385 421
	269 236 590	97 484 804	2 810 997	-	2 977 578	-	-	-	372 509 969
Property and equipment at cost									
Land and land improvements	8 486 216	16 007 779	-	30 357	-	-	-	-	24 524 352
Buildings	41 174 406	297 135 319	-	8 347 747	-	-	-	-	346 657 472
Fixed equipment and leasehold improvements	8 726 547	205 678 088	-	5 098 811	-	-	319 822 17	-	219 822 663
Major movable equipment	878 209	107 414 349	-	3 179 996	-	3 555 000	2 188 162	-	117 215 716
Construction-in-progress	-	1 624 843	-	-	-	-	-	-	1 624 843
	59 265 378	627 860 378	-	16 656 911	-	3 555 000	2 507 379	-	709 845 046
Less accumulated depreciation	(26 274 739)	(245 628 349)	-	(8 800 127)	-	(3 555 000)	(594 147)	-	(284 852 362)
	32 990 639	382 232 029	-	7 856 784	-	-	1 913 232	-	424 992 684
Interest in net assets of Foundation	-	6 698 999	-	-	-	-	-	(6 698 999)	-
Interest in affiliate	523 316	-	-	-	-	-	-	(523 316)	-
Reinsurance receivable	-	23 576 391	-	-	-	-	-	-	23 576 391
Other long-term assets	-	6 461 896	933 151	-	1 491 510	-	181 753	-	9 068 310
Investment in subsidiaries	28 000 000	-	-	-	-	-	-	(28 000 000)	-
	28 523 316	36 737 286	933 151	-	1 491 510	-	181 753	(35 222 315)	32 644 701
Total assets	\$ 334 834 763	\$ 619 738 076	\$ 7 521 591	\$ 11 283 031	\$ 7 150 334	\$ 500 911	\$ 8 616 101	\$ (38 164 075)	\$ 951 480 732

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Balance Sheet (continued)

September 30, 2012

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	Consolidating Eliminations	Total
Liabilities, net assets, and equity									
Current liabilities									
Accounts payable	\$ 460 922	\$ 9 729 479	\$ 7 182	\$ 398 961	\$ -	\$ -	\$ 312 924	\$ -	\$ 10 909 468
Accrued expenses and other	1 315 564	41 175 482	199 177	523 777	6 627 018	16 070	5 077 927	-	54 935 015
Current maturities of long-term debt obligations	-	6 233 491	-	-	-	-	-	-	6 233 491
Due to third-party payors	-	40 702 369	-	1 465 791	-	-	-	-	42 168 160
Due to affiliates	229 239	98 016	57 288	726 984	-	-	1 830 233	(2 941 760)	-
Total current liabilities	2 005 725	97 938 837	263 647	3 115 513	6 627 018	16 070	7 221 084	(2 941 760)	114 246 134
Long-term debt obligations less current maturities									
Series 2008A bonds	-	148 825 000	-	-	-	-	-	-	148 825 000
Series 2008B bonds	-	36 320 000	-	-	-	-	-	-	36 320 000
Series 2008C bonds	-	36 320 000	-	-	-	-	-	-	36 320 000
Series 2011 bonds	-	50 200 000	-	-	-	-	-	-	50 200 000
Capital lease obligation	-	602 714	-	-	-	-	-	-	602 714
	-	272 267 714	-	-	-	-	-	-	272 267 714
Asset retirement obligation	-	1 085 148	-	-	-	-	-	-	1 085 148
Other long-term liabilities	-	-	-	-	-	-	767 430	125 210	892 640
Interest rate swap	-	1 062 418	-	-	-	-	-	-	1 062 418
Reserve for self insurance	1 573 566	41 045 860	-	760 500	-	-	-	-	43 379 926
Pension obligation	-	43 274 512	-	-	-	-	-	-	43 274 512
Total noncurrent liabilities	1 573 566	358 735 652	-	760 500	-	-	767 430	125 210	361 962 358
Total liabilities	3 579 291	456 674 489	263 647	3 876 013	6 627 018	16 070	7 988 514	(2 816 550)	476 208 492
Net assets									
Unrestricted	331 255 472	156 364 588	335 134	7 407 018	-	-	-	(28 648 526)	466 713 686
Temporarily restricted	-	5 587 588	5 690 930	-	-	-	-	(5 587 588)	5 690 930
Permanently restricted	-	1 111 411	1 231 880	-	-	-	-	(1 111 411)	1 231 880
Common shares	-	-	-	120 000	-	28 001 000	-	-	28 121 000
Preferred shares	-	-	-	-	2 880 000	-	-	-	2 880 000
Retained earnings	-	-	-	(2 476 684)	484 841	(27 373 413)	-	-	(29 365 256)
Total net assets	331 255 472	163 063 587	7 257 944	7 407 018	523 316	484 841	627 587	(35 347 525)	475 272 240
Total liabilities and net assets	\$ 334 834 763	\$ 619 738 076	\$ 7 521 591	\$ 11 283 031	\$ 7 150 334	\$ 500 911	\$ 8 616 101	\$ (38 164 075)	\$ 951 480 732

Northwest Community Healthcare and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

Year Ended September 30, 2012

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	Consolidating Eliminations	Total
Revenue									
Net patient service revenue	\$ –	\$ 468,005,263	\$ –	\$ 14,609,931	\$ –	\$ –	\$ 23,813,461	\$ (852,936)	\$ 505,575,719
Provision for uncollectible accounts	–	(39,720,635)	–	(187,778)	–	–	–	–	(39,908,413)
	–	428,284,628	–	14,422,153	–	–	23,813,461	(852,936)	465,667,306
Other operating revenue	9,005,942	16,927,669	413,349	2,852	2,198,036	1,152,000	2,960,740	(5,167,209)	27,493,379
Total revenue	9,005,942	445,212,297	413,349	14,425,005	2,198,036	1,152,000	26,774,201	(6,020,145)	493,160,685
Expenses									
Salaries and employee benefits	2,364,377	241,424,562	1,013,834	5,948,201	–	8,568	22,940,461	(188,585)	273,511,418
Supplies and other	2,342,165	86,694,785	141,071	4,648,097	2,120,647	3,912	4,654,443	(4,700,958)	95,904,162
Professional fees and purchased services	2,399,931	46,366,322	93,557	508,406	416,232	348,221	3,666,033	(828,767)	52,969,935
Depreciation and amortization	2,001,678	34,148,954	–	723,727	–	–	434,568	–	37,308,927
Illinois hospital assessment	–	11,676,247	–	–	–	–	–	–	11,676,247
Interest	–	10,052,357	–	–	–	–	–	–	10,052,357
Total expenses	9,108,151	430,363,227	1,248,462	11,828,431	2,536,879	360,701	31,695,505	(5,718,310)	481,423,046
Operating (loss) income	(102,209)	14,849,070	(835,113)	2,596,574	(338,843)	791,299	(4,921,304)	(301,835)	11,737,639
Nonoperating revenue (expense)									
Investment income (loss)	45,845,131	(123,697)	241,669	–	–	–	–	–	45,963,103
Change in value of interest rate swap	–	1,064,599	–	–	–	–	–	–	1,064,599
Other	(223,637)	(1,417,424)	–	(24,698)	115,206	–	–	(164,700)	(1,715,253)
Net nonoperating revenue (expense)	45,621,494	(476,522)	241,669	(24,698)	115,206	–	(164,700)	(45,312,449)	
Excess (deficiency) of revenue over expenses	45,519,285	14,372,548	(593,444)	2,571,876	(223,637)	791,299	(4,921,304)	(466,535)	57,050,088

Northwest Community Healthcare and Subsidiaries

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

Year Ended September 30, 2012

	Northwest Community Healthcare	Northwest Community Hospital	NWC Hospital Foundation	NWC Day Surgery Center	NCH Casualty Insurance	NPC- CyberKnife, LLC	NWC Health Services	Consolidating Eliminations	Total
Unrestricted net assets									
Excess (deficiency) of revenue over expenses	\$ 45,519,285	\$ 14,372,548	\$ (593,444)	\$ 2,571,876	\$ (223,637)	\$ 791,299	\$ (4,921,304)	\$ (466,535)	\$ 57,050,088
Transfers from (to) affiliates	8,000,000	(6,500,000)	500,000	(2,000,000)	—	—	—	—	—
Additional paid-in capital	—	—	—	—	—	—	6,000,000	(6,000,000)	—
Pension-related changes other than net periodic pension cost	—	1,939,914	—	—	—	—	—	—	1,939,914
Net assets released from restrictions used for purchase of property and equipment	—	547,232	—	—	—	—	—	—	547,232
Distribution to CyberKnife investors	—	—	—	—	—	(655,105)	—	655,105	—
Increase (decrease) in unrestricted net assets	53,519,285	10,359,694	(93,444)	571,876	(223,637)	136,194	1,078,696	(5,811,430)	59,537,234
Temporarily restricted net assets									
Contributions	—	—	1,999,867	—	—	—	—	—	1,999,867
Investment income	—	—	236,837	—	—	—	—	—	236,837
Transfers to affiliates	—	—	(1,315,302)	—	—	—	—	1,315,302	—
Net assets released from restrictions used for Purchase of property and equipment	—	(547,232)	—	—	—	—	—	—	(547,232)
Operations	—	(768,070)	(28,661)	—	—	—	—	—	(796,731)
Change in interest in net assets of the Foundation	—	2,109,668	—	—	—	—	—	(2,109,668)	—
Increase (decrease) in temporarily restricted net assets	—	794,366	892,741	—	—	—	—	(794,366)	892,741
Permanently restricted net assets									
Contributions	—	—	1,070	—	—	—	—	—	1,070
Change in interest in net assets of the Foundation	—	151,342	—	—	—	—	—	(151,342)	—
Increase (decrease) in permanently restricted net assets	—	151,342	1,070	—	—	—	—	(151,342)	1,070
Increase (decrease) in net assets	53,519,285	11,305,402	800,367	571,876	(223,637)	136,194	1,078,696	(6,757,138)	60,431,045
Net assets at beginning of year	277,736,187	151,758,185	6,457,577	6,835,142	746,953	348,647	(451,109)	(28,590,387)	414,841,195
Net assets at end of year	\$ 331,255,472	\$ 163,063,587	\$ 7,257,944	\$ 7,407,018	\$ 523,316	\$ 484,841	\$ 627,587	\$ (35,347,525)	\$ 475,272,240

Northwest Community Healthcare and Subsidiaries

Schedule of Charity Care and Community Benefits (Unaudited)

September 30, 2012

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

During the years ended September 30, 2012 and 2011, the following levels of charity care and community benefit, at cost, were provided (in thousands)

	2012	2011
Cost of charity care provided	\$ 8,943	\$ 6,765
Estimated excess of cost over reimbursement for Medicare patients	59,738	58,908
Estimated excess of cost over reimbursement for Medicaid patients	12,651	14,416
Cost of other community benefits	6,834	3,833
Cost to operate clinics	286	156
Cost to operate Palatine Opportunity Center	272	269
Total	\$ 88,724	\$ 84,347

Healthcare also provides a significant amount of uncompensated care for patients, which is not included above, but is reported in the consolidated statements of operations and changes in net assets as a provision for uncollectible accounts that totaled \$39,908,000 and \$42,225,000 in 2012 and 2011, respectively. Many of those patients are uninsured or underinsured, but did not apply for, or qualify for, charity care.

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