See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

CHANGE OF ACCOUNTING PERIOD

Form **990**

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2012 calendar year, or tax year beginning 05/01, **2012, and ending** 09/30, **20** 12

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
1100 EAST NORRIS DRIVE

City, town or post office, state, and ZIP code
OTTAWA, IL 61350

D Employer identification number
36-2604009

E Telephone number
(815) 431-5479

G Gross receipts $ 39,999,945.

F Name and address of principal officer ROBERT CHAFFIN
SAME AS C ABOVE ,

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(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.OTTAWAREGIONAL.ORG

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

L Year of formation 1964 **M** State of legal domicile IL

Part I Summary

Activities & Governance

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

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	14.
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8.
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	0
6	Total number of volunteers (estimate if necessary)	6	325.
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	563,598.	23,874.
9	Program service revenue (Part VIII, line 2g)	78,492,614.	33,381,744.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,944,872.	802,756.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-2,278,439.	12,802.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	80,722,645.	34,221,176.

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
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)	41,176,886.	16,664,928.
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)	40,843,479.	17,089,040.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	82,020,365.	33,753,968.
19	Revenue less expenses. Subtract line 18 from line 12	-1,297,720.	467,208.

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	107,614,791.	67,088,969.
21	Total liabilities (Part X, line 26)	25,910,634.	17,914,241.
22	Net assets or fund balances. Subtract line 21 from line 20	81,704,157.	49,174,728.

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 Judy Christiansen — Date 8/14/13

▶ Type or print name and title Judy Christiansen, Chief Op. Officer

Paid Preparer Use Only

Print/Type preparer's name: Mollie L. Longhouse	Preparer's signature: Mollie L Longhouse, CPA	Date: 8-13-13	Check ☐ if self-employed	PTIN: P00294881
Firm's name ▶ KPMG LLP			Firm's EIN ▶ 13-5565207	
Firm's address ▶ 191 WEST NATIONWIDE BLVD., STE. 500 COLUMBUS, OH 43215-2568			Phone no. 614-249-2300	

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

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2012)

JSA
2E1010 1 000

H 917 2

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

SEE SCHEDULE O

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

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 are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code _____) (Expenses $ 23,813,086. including grants of $ _____) (Revenue $ 33,381,744)

NON-PROFIT 99-BED, ACUTE CARE HOSPITAL, INCLUDING A 26-BED PSYCHIATRIC CARE UNIT. $2,957,197 CHARITY CARE PROVIDED.

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

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

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses ▶ 23,813,086.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
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*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	X	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
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*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, 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*	9		X
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*	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments-other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	X	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	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*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
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 and XII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
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, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
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*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	

Part IV Checklist of Required Schedules *(continued)*

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

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable 1a 0			
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	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . 2a 0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X	
	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		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
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		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
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 as charitable contributions?	6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year 7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . .	7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . .	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	**Sponsoring organizations maintaining donor advised funds.**			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	**Section 501(c)(7) organizations.** Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12 . . . . . 10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities 10b			
11	**Section 501(c)(12) organizations.** Enter			
a	Gross income from members or shareholders 11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) 11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year 12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**			
a	Is the organization licensed to issue qualified health plans in more than one state?	13a		
	Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans 13b			
c	Enter the amount of reserves on hand 13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
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 line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions*

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? . . .	3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	X	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		X
6	Did the organization have members or stockholders?	6	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9		X

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

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

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 Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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 ☐ Other *(explain in Schedule O)*

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 during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ MICHELE KONIEWICZ 1100 E NORRIS DRIVE OTTAWA, IL 61350 815-431-5479

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JAMES MOORE CHAIRPERSON	1.00	X		X				0	0	0
(2) STEVEN GONZALO VICE CHAIRPERSON	1.00	X		X				0	0	0
(3) SISTER DIANE MARIE, OSF TREASURER	1.00	X		X				0	0	0
(4) CHRISTINA CANTLIN SECRETARY	1.00	X		X				0	0	0
(5) ROBERT CHAFFIN PRESIDENT & CEO	40.00	X		X				0	0	0
(6) CHARLES DENNIS, MD TRUSTEE	1.00	X						0	0	0
(7) KATHLEEN FORBES, MD TRUSTEE	1.00	X						0	0	0
(8) GERALD MCSHANE, MD TRUSTEE	1.00	X						0	0	0
(9) MARY MORGAN TRUSTEE	1.00	X						0	0	0
(10) ERIC ORTINAU, MD TRUSTEE	1.00	X						0	0	0
(11) MARK PALMER TRUSTEE	1.00	X						0	0	0
(12) KEVIN D. SCHOEPLEIN TRUSTEE	1.00	X						0	0	0
(13) GEORGE SHANLEY TRUSTEE	1.00	X						0	0	0
(14) SISTER AGNES JOSEPH, OSF TRUSTEE	1.00	X						0	0	0

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) JUDY CHRISTIANSEN CHIEF OPERATING OFFICER	40.00			X				0	0	0
(16) DAWN TROMPETER CHIEF FINANCIAL OFFICER	40.00			X				0	0	0
1b Sub-total ▶								0	0	0
c Total from continuation sheets to Part VII, Section A ▶								0	0	0
d Total (add lines 1b and 1c) ▶								0	0	0

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 ▶ 0

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

Section B. Independent Contractors

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

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 0

Part VIII Statement of Revenue

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

				(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	15,175			
	e	Government grants (contributions)	1e	1,670			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	7,029			
	g	Noncash contributions included in lines 1a-1f $					
	h	Total. Add lines 1a-1f ▶		23,874			
			Business Code				
Program Service Revenue	2a	NURSING SERVICES	623000	28,914,082	28,914,082		
	b	RADIOLOGY	900099	18,623,985	18,623,985		
	c	ROUTINE CARE	621110	10,382,392	10,382,392		
	d	LABORATORY	621500	9,264,316.	9,264,316		
	e	PHYSICIAN SERVICES	900099	5,080,832	5,080,832		
	f	All other program service revenue		-38,883,863	-38,883,863		
	g	Total. Add lines 2a-2f ▶		33,381,744			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		142,330.			142,330
	4	Income from investment of tax-exempt bond proceeds ▶		0			
	5	Royalties ▶		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	333,334				
	b	Less rental expenses	634,182				
	c	Rental income or (loss)	-300,848				
	d	Net rental income or (loss) ▶		-300,848			-300,848
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	5,796,225 / 8,788.				
	b	Less cost or other basis and sales expenses	5,144,587				
	c	Gain or (loss)	651,638 / 8,788				
	d	Net gain or (loss) ▶		660,426.			660,426
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities ▶		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	722514	183,185			183,185
	b	MISCELLANEOUS	900099	49,332			49,332
	c	COMMUNITY CLASSES	900099	13,599			13,599
	d	All other revenue	900099	67,534			67,534
	e	Total. Add lines 11a-11d ▶		313,650			
	12	Total revenue. See instructions ▶		34,221,176	33,381,744		815,558

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).

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	0			
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	299,865.	88,891.	210,974.	
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	11,875,679.	8,900,310.	2,975,369.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	412,421.	263,392.	149,029.	
9 Other employee benefits	3,242,431.	1,755,565.	1,486,866.	
10 Payroll taxes	834,532.	599,656.	234,876.	
11 Fees for services (non-employees)				
a Management	0			
b Legal	144,562.		144,562.	
c Accounting	1,527,495.		1,527,495.	
d Lobbying	420.		420.	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0			
12 Advertising and promotion	154,592.	208.	154,384.	
13 Office expenses	3,574,315.	3,052,694.	521,621.	
14 Information technology	400,288.	57,747.	342,541.	
15 Royalties	0			
16 Occupancy	646,427.	295,750.	350,677.	
17 Travel	93,572.	70,461.	23,111.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	14,063.	14,063.		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	820,131.	417,586.	402,545.	
23 Insurance	242,939.	131,307.	111,632.	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a CHARITY CARE	2,957,197.	2,957,197.		
b BAD DEBTS	2,620,312.	2,620,312.		
c PURCHASED SERVICES	1,802,599.	1,411,085.	391,514.	
d OTHER EXPENSES	2,090,128.	1,265,753.	824,375.	
e All other expenses				
25 **Total functional expenses** Add lines 1 through 24e	33,753,968.	23,901,977.	9,851,991.	
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		2,800.	1	2,860.
	2	Savings and temporary cash investments		2,754,486.	2	2,882,402.
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		13,123,099.	4	12,199,613.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		1,629,513.	8	1,604,448.
	9	Prepaid expenses and deferred charges		736,467.	9	589,919.
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 96,016,837.			
	b	Less accumulated depreciation	10b 64,350,887.	53,903,337.	10c	31,665,950.
	11	Investments - publicly traded securities		25,095,359.	11	12,182,493.
	12	Investments - other securities See Part IV, line 11		0	12	0
	13	Investments - program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets. See Part IV, line 11		10,369,730.	15	5,961,284.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		107,614,791.	16	67,088,969.
Liabilities	17	Accounts payable and accrued expenses		10,232,477.	17	15,832,669.
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		12,319,976.	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other 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		3,358,181.	25	2,081,572.
	26	**Total liabilities.** Add lines 17 through 25		25,910,634.	26	17,914,241.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☒ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		81,694,275.	27	49,162,046.
	28	Temporarily restricted net assets		9,882.	28	12,682.
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ 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		81,704,157.	33	49,174,728.
	34	Total liabilities and net assets/fund balances		107,614,791.	34	67,088,969.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	34,221,176.
2	Total expenses (must equal Part IX, column (A), line 25)	2	33,753,968.
3	Revenue less expenses. Subtract line 2 from line 1	3	467,208.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	81,704,157.
5	Net unrealized gains (losses) on investments	5	-487,286.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-32,509,351.
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	49,174,728.

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
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		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization	Employer identification number
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER	36-2604009

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I b ☐ Type II c ☐ Type III-Functionally integrated d ☐ Type III-Non-functionally integrated

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?

		Yes	No
(i)	A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)	
(ii)	A family member of a person described in (i) above?	11g(ii)	
(iii)	A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in 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 monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)** (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) . . . . . 14 %

15 Public support percentage from 2011 Schedule A, Part II, line 14 . . . . . 15 %

16a **33 1/3% support test - 2012.** 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 - 2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

17a **10%-facts-and-circumstances test - 2012.** 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 - 2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization . . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . ▶ ☐

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2012.** 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 - 2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b, and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.

▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER	36-2604009

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

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

2 Political expenditures . . . . . ▶ $

3 Volunteer hours . . . . . .

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

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

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

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

4a Was a correction made? . . . . . ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

	(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-
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable 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)).**

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		420.
j Total Add lines 1c through 1i			420.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information

PART II-B, LINE 1, LOBBYING ACTIVITIES:

27% OF MEMBERSHIP DUES TO THE ILLINOIS HOSPITAL ASSOCIATION IS ATTRIBUTABLE TO LOBBYING ACTIVITIES.

Part IV Supplemental Information *(continued)*

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number
36-2604009

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 can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ 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 education)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

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

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

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

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

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

b Assets included in Form 990, Part X ▶ $

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

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

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

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

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 XIII and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	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 XIII. Check here if the explanation has been provided in Part XIII ☐

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	4,725.	4,725.	4,725.	4,725.	4,725.
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	4,725.	4,725.	4,725.	4,725.	4,725.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶ _____ %
- b Permanent endowment ▶ 100.0000 %
- c Temporarily restricted endowment ▶ _____ %

The percentages in lines 2a, 2b, and 2c should equal 100%

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

		Yes	No
(i) unrelated organizations	3a(i)		X
(ii) related organizations	3a(ii)	X	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	X	

4 Describe in Part XIII 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		5,985,940.		5,985,940.
b Buildings		50,408,696.	36,171,824.	14,236,873.
c Leasehold improvements				
d Equipment		34,921,482.	25,900,930.	9,020,552.
e Other		4,700,718.	2,278,133.	2,422,585.
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				31,665,950.

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		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

(a) Description	(b) Book value
(1) SELF INSURANCE TRUST	3,784,232.
(2) 457B FUNDS	507,753.
(3) FOX RIVER CANCER CENTER JV	1,656,617.
(4) TEMPORARILY RESTRICTED ASSETS	12,682.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15)* ▶	5,961,284.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) THIRD-PARTY PAYOR SETTLEMENTS	2,081,572.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,081,572.

2. FIN 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

Part XI 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 XIII.)	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 XIII)	4b		
c	Add lines **4a** and **4b**			4c
5	Total revenue Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5

Part XII 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 XIII)	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 XIII)	4b		
c	Add lines **4a** and **4b**			4c
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5

Part XIII Supplemental Information

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

SEE PAGE 5

Part XIII Supplemental Information *(continued)*

PART V, LINE 4:

THE ENDOWMENT FUND IS HELD BY THE OTTAWA REGIONAL HOSPITAL FOUNDATION, A RELATED ORGANIZATION. THE EARNINGS FROM THE FUND ARE USED FOR GENERAL SUPPORT PURPOSES.

PART X, LINE 2:

OSF HEALTHCARE SYSTEM (OSF) ADOPTED ASC SUBTOPIC 740-10, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES - AN INTERPRETATION OF FASB STATEMENT NO. 109. THE INTERPRETATION ADDRESSES THE DETERMINATION OF HOW TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN SHOULD BE RECORDED IN THE CONSOLIDATED FINANCIAL STATEMENTS. UNDER ASC SUBTOPIC 740-10, OSF MUST RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY THE TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION. THE TAX BENEFITS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50% LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT. ASC SUBTOPIC 740-10 ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES ON INCOME TAXES, AND ACCOUNTING IN INTERIM PERIODS AND REQUIRES INCREASED DISCLOSURES. AS OF SEPTEMBER 30, 2012 AND 2011, OSF DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS.

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number

36-2604009

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b	If "Yes," was it a written policy?	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %	X	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____%	X	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		X
6a	Did the organization prepare a community benefit report during the tax year?	X	
b	If "Yes," did the organization make it available to the public?	X	

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,096,658.		1,096,658.	3.52
b Medicaid (from Worksheet 3, column a)			11,050,739.	2,008,017.	9,042,722.	29.05
c Costs of other means-tested government programs (from Worksheet 3, column b)			104,882.	51,146.	53,737.	0.17
d **Total** Financial Assistance and Means-Tested Government Programs			12,252,279.	2,059,163.	10,193,117	32.74
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			77,891.		77,891.	0.31
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			35,844.		35,844.	0.11
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			48,725.		48,725.	0.10
j **Total.** Other Benefits			162,460.		162,460	0.52
k **Total.** Add lines 7d and 7j			12,414,739.	2,059,163.	10,355,577.	33.26

Part II **Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1		X
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 968,140.		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5 9,406,123.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 13,708,259.		
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7 -4,302,136.		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians-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	RADIATION ONCOLOGY				
2	OF NORTHERN ILLINOIS				
3	LLC	RADIATION ONCOLOGY	57.00000		43.00000
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 - see instructions)

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

Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 OTTAWA REGIONAL HOSPITAL & HEALTHCARE 1100 EAST NORRIS DRIVE OTTAWA IL 61350	X	X			X					
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group OTTAWA REGIONAL HOSPITAL & HEALTHCARE

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		X
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 __ __			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy OTTAWA REGIONAL HOSPITAL & HEALTHCARE

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
	If "Yes," indicate the FPG family income limit for eligibility for free care 200 %			
	If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing *discounted* care?	11	X	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 %			
	If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	12	X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a	[X] Income level			
b	[X] Asset level			
c	[X] Medical indigency			
d	[X] Insurance status			
e	[X] Uninsured discount			
f	[X] Medicaid/Medicare			
g	[X] State regulation			
h	[ ] Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a	[X] The policy was posted on the hospital facility's website			
b	[X] The policy was attached to billing invoices			
c	[X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[X] The policy was posted in the hospital facility's admissions offices			
e	[X] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[ ] Other (describe in Part VI)			

Billing and Collections

15	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?	15	X	
16	Check all of the following 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	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
17	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?	17		X
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)* OTTAWA REGIONAL HOSPITAL & HEALTHCARE

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	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?	X	
	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)		

Changes to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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)		
21	During the tax year, did the hospital facility charge any of its FAP- eligible individuals, 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?		X
	If "Yes," explain in Part VI.		
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?		X
	If "Yes," explain in Part VI.		

Part V Facility Information *(continued)*

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year? 2

	Name and address	Type of Facility (describe)
1	OTTAWA REGIONAL MEDICAL CENTER, INC. 1614 EAST NORRIS DRIVE OTTAWA IL 61350	OUTPATIENT MEDICAL AND DIAGNOSTIC SERVICES
2	RADIATION ONCOLOGY OF NORTHERN ILLINOIS 1200 STARFIRE DRIVE OTTAWA IL 61350	RADIATION ONCOLOGY CENTER
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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

PART I, LINE 3C: NOT APPLICABLE

PART I, LINE 6A: NOT APPLICABLE

PART I, LINE 7:

THE COST TO CHARGE RATIO (OBTAINED FROM THE MEDICARE COST REPORT) WAS USED TO DETERMINE THE AMOUNTS REPORTED ON LINE 7.

PART I, LINE 7G:

A FREESTANDING FACILITY, THE HEALTH CENTER OF EASTERN LASALLE COUNTY (HEALTH CENTER), PROVIDES FREE HEALTH CARE SERVICES TO INDIVIDUALS AND FAMILIES WHO DO NOT HAVE ACCESS TO HEALTH INSURANCE, DO NOT QUALIFY FOR STATE OR FEDERAL PROGRAMS, AND DO NOT HAVE THE FINANCIAL RESOURCES TO SECURE THE HEALTH CARE THEY NEED. NINE OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER'S (ORHHC) PHYSICIANS VOLUNTEER THEIR SERVICES TO PROVIDE PRIMARY HEALTH CARE, AND THE HEALTH CENTER DOES NOT RECEIVE ANY FEDERAL OR STATE FUNDS. ANCILLARY SERVICES, SUCH AS LAB AND X-RAY, THAT

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

ARE UNAVAILABLE AT THE HEALTH CENTER, ARE PROVIDED BY THE HOSPITAL AT NO CHARGE.

ORHHC HAS THE ONLY HOSPITAL PROVIDING MENTAL HEALTH SERVICES BETWEEN NAPERVILLE, JOLIET, PEORIA AND THE QUAD CITIES. ALTHOUGH SEVERAL LOCAL AND REGIONAL HOSPITALS CEASED TO PROVIDE BEHAVIORAL HEALTH CARE DUE TO A LACK OF PROFITABILITY, ORHHC EXPANDED ITS PROGRAMS AND SERVICES TO MEET COMMUNITY NEEDS. WHILE THE PROGRAM CONTINUES TO OPERATE AT A LOSS (994K FOR THE SHORT PERIOD ENDING 9/30/12), ORHHC REMAINS COMMITTED TO PROVIDING THIS VITAL SERVICE.

PART I, LN 7 COL(F):

$2,620,312 OF BAD DEBT EXPENSE IS SUBTRACTED FOR PURPOSES OF COMPUTING THE PERCENTAGE IN PART I, LINE 7K, COLUMN F. THE ORGANIZATION'S TOTAL COMMUNITY BENEFIT EXPENSE AS A PERCENTAGE OF TOTAL EXPENSES, LESS BAD DEBT, IS 33.26%, AND THE PERCENTAGE INCREASES TO 77.30% IF MEDICARE ALLOWABLE COSTS ARE INCLUDED IN TOTAL COMMUNITY

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, Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22 .

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

BENEFIT EXPENSE.

PART II: NOT APPLICABLE.

PART III, LINE 4:

PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED LESS AMOUNTS COVERED BY THIRD-PARTY PAYORS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES BASED ON A REVIEW OF ALL OUTSTANDING AMOUNTS ON A MONTHLY BASIS. MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLED ACCOUNTS AND BY HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS. THE ORGANIZATION DOES NOT CHARGE INTEREST ON RECEIVABLES. PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED. ACCOUNTS ARE CONSIDERED PAST DUE WHEN AN AMOUNT IS PAST DUE ACCORDING TO THE PAYOR'S AGREED-UPON TERMS. PATIENT RECEIVABLES ARE WRITTEN OFF AS BAD DEBT EXPENSE WHEN DEEMED UNCOLLECTIBLE. RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF BAD DEBT EXPENSE

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

WHEN RECEIVED. AS A SERVICE TO THE PATIENT, THE ORGANIZATION BILLS

THIRD-PARTY PAYORS DIRECTLY AND THE PATIENT WHEN THE PATIENT'S LIABILITY

IS DETERMINED.

THE AMOUNT INCLUDED ON LINE 2 WAS CALCULATED USING THE COST OF CHARGE

RATIO OBTAINED FROM THE MEDICARE COST REPORT.

THE AMOUNT ON LINE 3 IS ZERO DUE TO THE FACT THAT PATIENT ELIGIBILITY FOR

CHARITY CARE OR FINANCIAL ASSISTANCE IS DETERMINED PRIOR TO PATIENT

BILLING, THEREFORE THESE PATIENT AMOUNTS WOULD NOT BE INCLUDED IN BAD

DEBT.

PART III, LINE 8

THE COST TO CHARGE RATIO (OBTAINED FROM THE MEDICARE COST REPORT) WAS

USED TO DETERMINE THE AMOUNT REPORTED ON LINE 7.

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

PART III, LINE 9B

PATIENT ELIGIBILITY FOR CHARITY CARE OR FINANCIAL ASSISTANCE IS DETERMINED PRIOR TO PATIENT BILLING, THEREFORE THESE PATIENTS WOULD NOT BE INCLUDED IN THE DEBT COLLECTION POLICY.

PART V, SECTION B, LINE 1:

PLEASE NOTE THAT DUE TO THE CHANGE OF ACCOUNTING PERIOD FOR OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER, A SHORT YEAR RETURN IS BEING FILED. THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS COMPLETED ON THE REQUIRED DATE BUT NOT BEFORE THE END OF THE SHORT YEAR. ACCORDINGLY, THIS QUESTION WILL BE MARKED AS YES FOR THE 2012 FULL YEAR RETURN

PART VI, LINE 2:

THE ORGANIZATION DID CONDUCT A COMMUNITY HEALTH NEEDS ASSESSMENT, BUT NOT PRIOR TO 9/30/2012.

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, Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

PART VI, LINE 3:

THERE IS SIGNAGE IN REGISTRATION, ADMITTING, AND THE CREDIT AND BILLING DEPARTMENTS COMMUNICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE. SOME PATIENTS ARE UNAWARE THAT THEY MAY BE ELIGIBLE FOR MEDICAID BENEFITS, THEREFORE OUR FINANCIAL ASSISTANCE INCLUDES HELPING THE PATIENT COMPLETE A MEDICAID APPLICATION. WE ALSO PROVIDE THEM WITH ASSISTANCE IN COMPLETING OUR CHARITY APPLICATION.

PART VI, LINE 4:

THE ORGANIZATION PRIMARILY SERVES LASALLE COUNTY (APPROXIMATELY 113,924 RESIDENTS). ACCORDING THE US CENSUS BUREAU IN 2010, LASALLE COUNTY INCLUDED AN AVERAGE OF 10.8% OF PERSONS BELOW POVERTY LEVEL. THE MEDIAN AGE WAS 41 AND THE MEDIAN HOUSEHOLD INCOME WAS $51,705.

PART VI, LINE 5:

IN ADDITION TO CHARITY CARE, THE HOSPITAL PROVIDES COMMUNITY BENEFITS, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: OPERATION OF A FULL-TIME

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

EMERGENCY ROOM PROVIDING MEDICAL SERVICES TO ALL MEMBERS OF THE PUBLIC REQUIRING SUCH CARE; MAINTENANCE OF PROVIDER AGREEMENTS WITH MEDICARE AND MEDICAID PROGRAMS; FINANCIAL SUPPORT OF AN INDIGENT CLINIC IN THE COMMUNITY; EXTERNSHIPS FOR MEDICAL STUDENTS; NURSING SCHOLARSHIPS OR TUITION PAYMENTS FOR PROFESSIONAL EDUCATION TO NON-EMPLOYEES AND VOLUNTEERS; PROVISION OF A CLINICAL SETTING FOR UNDERGRADUATE/VOCATIONAL TRAINING TO STUDENTS ENROLLED IN AN OUTSIDE ORGANIZATION; NEGATIVE CONTRIBUTIONS IN SEVERAL DEPARTMENTS INCLUDING BEHAVIORAL HEALTH; CONTRIBUTIONS TO OTHER NOT-FOR-PROFIT ORGANIZATIONS; MEETING ROOM OVERHEAD/SPACE FOR NOT-FOR-PROFIT ORGANIZATIONS; RECRUITMENT OF PHYSICIANS AND OTHER HEALTH PROFESSIONALS FOR FEDERALLY MEDICAL UNDERSERVED AREAS; PARTNERSHIP WITH COMMUNITY COLLEGE TO ADDRESS THE HEALTH CARE WORK FORCE SHORTAGE; HEALTH SCREENINGS, BLOOD PRESSURE CHECKS, ENROLLMENT ASSISTANCE IN PUBLIC PROGRAMS, INFORMATION AND REFERRALS TO COMMUNITY SERVICES AND PREVENTION PROGRAMS OFFERED FREE OR AT A LOW COST TO THE COMMUNITY.

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

PART VI, LINE 6:

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER (HOSPITAL) IS LICENSED AS A 99-BED, NOT-FOR-PROFIT, ACUTE CARE HOSPITAL, INCLUDING A 26-BED PHSYCHIATRIC CARE UNIT. THE HOSPITAL ALSO PROVIDES RELATED ANCILLARY AND OUTPATIENT SERVICES. THE HOSPITAL'S AFFILIATES INCLUDE OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC. (INCLUDING ITS WHOLLY OWNED SUBSIDIARY, OTTAWA REGIONAL MEDICAL CENTER, INC.), RADIATION ONCOLOGY OF NORTHERN ILLINOIS, LLC, THE OTTAWA REGIONAL HOSPITAL AUXILIARY, AND THE OTTAWA REGIONAL HOSPITAL FOUNDATION.

OSF HEALTHCARE SYSTEM (OSF) IS AN ILLINOIS NOT-FOR-PROFIT CORPORATION INCORPORATED IN 1880 AS THE SISTERS OF THE THIRD ORDER OF ST.FRANCIS. OSF CURRENTLY OWNS AND OPERATES SEVEN HOSPITALS, ONE NURSING HOME AND OTHER HEALTHCARE-RELATED ENTITIES. OSF OPERATES ITS HEALTHCARE FACILITIES AS A SINGLE CORPORATION WITH EACH HEALTHCARE FACILITY FUNCTIONING AS AN OPERATING DIVISION OF OSF.

OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC. (ORHA) IS AN ILLINOIS

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; Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22

BUSINESS CORPORATION AND IS THE SOLE STOCKHOLDER OF OTTAWA REGIONAL MEDICAL CENTER, INC. (ORMC) AND OTTAWA REGIONAL CARDINAL SLEEP CENTER, LLC (ORCSC) AND 50% OWNER OF OTTAWA REGIONAL DME, LLC (DME). THE HOSPITAL IS THE SOLE STOCKHOLDER OF ORHA.

OTTAWA REGIONAL MEDICAL CENTER, INC. WAS INCORPORATED AS AN ILLINOIS BUSINESS CORPORATION IN SEPTEMBER 2009 AND PURCHASED CERTAIN ASSETS OF A THIRD-PARTY IN DECEMBER 2009. ORMC PROVIDES OUTPATIENT MEDICAL AND DIAGNOSTIC SERVICES AND IS CONSOLIDATED WITH ORHA.

OTTAWA REGIONAL CARDINAL SLEEP CENTER, LLC AND OTTAWA REGIONAL DME, LLC ARE LIMITED LIABILITY COMPANIES FORMED IN JULY 2010. ORHA HAS NOT MADE ANY INITIAL CAPITAL CONTRIBUTIONS TO THESE ENTITIES, AND THERE HAVE BEEN NO OPERATIONS WITHIN THESE ENTITIES AS OF SEPTEMBER 30, 2012.

RADIATION ONCOLOGY OF NORTHERN ILLINOIS, LLC (RONI) IS A LIMITED LIABILITY COMPANY ESTABLISHED TO OWN AND OPERATE A RADIATION ONCOLOGY

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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

CENTER. THE HOSPITAL HAS A 57% OWNERSHIP INTEREST IN RONI. RONI IS

CONSOLIDATED WITH THE HOSPITAL.

OTTAWA REGIONAL HOSPITAL AUXILIARY (AUXILIARY) IS A NOT-FOR-PROFIT FUND

RAISING ORGANIZATION WHOSE PURPOSE IS TO PROMOTE AND ADVANCE THE WELFARE

OF THE HOSPITAL.

OTTAWA REGIONAL HOSPITAL FOUNDATION (FOUNDATION) IS A NOT-FOR-PROFIT FUND

RAISING ORGANIZATION WHOSE PURPOSE IS TO SUPPORT AND ENCOURAGE HEALTH

CARE SERVICES IN FURTHERANCE OF THE PURPOSE OF AND IN ASSITANCE TO THE

HOSPITAL, THROUGH PROVIDING FINANCIAL AND FUND RAISING ASSISTANCE AND IN

ALL OTHER RELEVANT WAYS AIDING IN SUPPORTING HEALTH CARE ORGANIZATIONS

AND INDIVIDUALS INTERESTED IN CAREERS IN HEALTH CARE.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

IL

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

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

OMB No 1545-0047

2012

Open To Public Inspection

Name of the organization

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number

36-2604009

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

	(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
Total	. . . . . ▶ $												

Part III Grants or Assistance Benefiting Interested Persons.

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

	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

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	(e) Sharing of organization's revenues? No
(1)	OTTAWA REGIONAL MEDICAL CENTER	SEE PART V	172,740.	RENT		X
(2)	OTTAWA REGIONAL MEDICAL CENTER	SEE PART V	885,478	CONTRIBUTIONS		X
(3)						
(4)						
(5)						
(6)						
(7)						
(8)						
(9)						
(10)						

Part V Supplemental Information
Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: OTTAWA REGIONAL MEDICAL CENTER, INC. (ORMC)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

CHAFFIN, CHRISTIANSEN, TROMPETER ARE OFFICERS OF THE ORGANIZATION

AND ORMC

(C) AMOUNT OF TRANSACTION $ 172,740.

(D) DESCRIPTION OF TRANSACTION: OTTAWA REGIONAL MEDICAL CENTER, INC.

PAID RENT TO OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: OTTAWA REGIONAL MEDICAL CENTER, INC. (ORMC)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

CHAFFIN, CHRISTIANSEN, TROMPETER ARE OFFICERS OF THE

ORGANIZATION AND ORMC

(C) AMOUNT OF TRANSACTION $ 885,478.

(D) DESCRIPTION OF TRANSACTION: OTTAWA REGIONAL HOSPITAL & HEALTHCARE

CENTER PROVIDED CAPITAL CONTRIBUTIONS TO OTTAWA REGIONAL

MEDICAL CENTER, INC.

(E) SHARING OF ORGANIZATION REVENUES? = NO

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 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number
36-2604009

FORM 990, PART I & PART III, LINE 1

DESCRIPTION OF ORGANIZATION MISSION:

THE MISSION OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER IS TO MAINTAIN A LEADERSHIP POSITION IN THE PROVISION OF EFFICIENT AND QUALITY HEALTHCARE SERVICES CONSISTENT WITH THE NEEDS OF THE COMMUNITY AND THE RESOURCES OF THE HOSPITAL. OUR HEALTHCARE ORGANIZATION WILL PROVIDE SERVICES FOR ALL MEMBERS OF THE COMMUNITY, REGARDLESS OF ABILITY TO PAY.

FORM 990, PART VI LINE 1B

SINCE THIS FILING IS FOR THE SHORT PERIOD 5/1/2012 THROUGH 9/30/2012, NO COMPENSATION WAS REPORTED FROM THE ORGANIZATION OR ANY RELATED ORGANIZATIONS ON PART VII. SIX OF THE FOURTEEN BOARD MEMBERS ARE CONSIDERED NOT INDEPENDENT. ROBERT CHAFFIN, JAMES MOORE, GERALD MCSHANE, KEVIN SCHOEPLEIN, KATHLEEN FORBES AND CHARLES DENNIS ARE ALL COMPENSATED BY OSF HEALTHCARE SYSTEM OR AN AFFILIATE OF OSF HEALTHCARE SYSTEM, WHICH ARE RELATED ORGANIZATIONS TO OTTAWA REGIONAL & HEALTHCARE CENTER.

FORM 990, PART VI, LINE 4

ON APRIL 30, 2012, OSF HEALTHCARE SYSTEM (OSF) BECAME THE SOLE CORPORATE MEMBER OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER D/B/A/ OSF SAINT ELIZABETH MEDICAL CENTER (SEMC).

FORM 990, PART VI, SECTION A, LINE 6:

OSF IS THE SOLE CORPORATE MEMBER OF SEMC.

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number

FORM 990, PART VI, SECTION A, LINE 7A:
OSF AS THE SOLE CORPORATE MEMBER OF SEMC HAS THE POWER TO ELECT MEMBERS OF THE BOARD OF SEMC.

FORM 990, PART VI, SECTION B, LINE 11B:
THE ORGANIZATION'S GOVERNING BODY WILL MEET WITH THE ORGANIZATION'S ASSISTANT CONTROLLER AT A BOARD MEETING TO REVIEW THE FINAL FORM 990 AFTER ITS FILING.

FORM 990, PART VI, SECTION B, LINE 12C:
IT SHALL BE THE POLICY OF THE GOVERNING BOARD OF OTTAWA REGIONAL HOSPITAL AND HEALTHCARE CENTER TO REQUIRE THAT EACH BOARD MEMBER, PRIOR TO MAKING HIS/HER POSITION ON THE BOARD, AND ALL PRESENT BOARD MEMBERS AS SOON AS PRACTICABLE AFTER THE ADOPTION OF THIS POLICY, BUT NO LATER THAN FORTY-FIVE DAYS, SUBMIT IN WRITING TO THE CHIEF EXECUTIVE OFFICER OF THE HOSPITAL A LIST OF ALL BUSINESS OR OTHER ORGANIZATIONS OF WHICH HE/SHE IS AN OFFICER, MEMBER, OWNER OR EMPLOYEE OR WHICH HE/SHE ACTS AS AN AGENT, WITH WHICH THE HOSPITAL HAS, OR MIGHT REASONABLY IN THE FUTURE ENTER INTO, A RELATIONSHIP OR A TRANSACTION IN WHICH THE BOARD MEMBER WOULD HAVE CONFLICTING INTERESTS. EACH WRITTEN STATEMENT WILL BE RESUBMITTED WITH ANY NECESSARY CHANGES, EACH YEAR AT SUCH TIME AS ANY MATTER COMES BEFORE THE BOARD IN SUCH A WAY AS TO GIVE RISE TO A CONFLICT OF INTEREST, THE AFFECTED BOARD MEMBER SHALL MAKE KNOWN THE POTENTIAL CONFLICT, WHETHER DISCLOSED BY HIS/HER WRITTEN STATEMENT OR NOT, AND AFTER ANSWERING ANY QUESTIONS THAT MIGHT BE ASKED HIM/HER, EITHER AS TO THE CONFLICT OR AS TO ANY SPECIAL EXPERTISE POSSESSED BY THAT BOARD MEMBER,

SHALL WITHDRAW FROM THE MEETING FOR SO LONG AS THE MATTER SHALL CONTINUE UNDER DISCUSSION. SHOULD THE MATTER BE BROUGHT TO A VOTE, THE AFFECTED BOARD MEMBER SHALL NOT VOTE ON IT. IN THE EVENT THAT HE/SHE FAILS TO WITHDRAW VOLUNTARILY, THE CHAIRMAN OF THE BOARD IS EMPOWERED AND SHALL REQUIRE THAT HE/SHE REMOVE HIMSELF/HERSELF FROM THE ROOM DURING BOTH THE DISCUSSION AND VOTE ON THE MATTER.

LINE 15A:

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

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number

LINE 15B:

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

WRITTEN EMPLOYMENT AGREEMENTS WHICH ARE APPROVED BY THE BOARD OF DIRECTORS OR ITS EXECUTIVE COMMITTEE .

THE REVIEW PROCESSES DESCRIBED ABOVE BEGAN IN JULY 2012 FOR FISCAL YEAR 2013 SALARY DATA, AND IT WAS APPROVED TO PROVIDE AN AVERAGE OF 3% SALARY INCREASE FOR MANAGEMENT EFFECTIVE DECEMBER 2012.

FORM 990, PART VI, SECTION C, LINE 19:
THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

PURCHASE ACCOUNTING ADJUSTMENT :	$ (25,890,632)
EQUITY INCOME - RONI :	$ (863,155)
EQUITY INCOME - ORMC :	$ (1,294,886)
PRIOR PERIOD C/A RESERVE ADJ. :	$ (3,578,000)
CAPITAL CONTRIBUTION - ORMC :	$ (885,478)
CHANGE IN RESTRICTED ASSETS :	$ 2,800
TOTAL	$ (32,509,351)

FORM 990, PART XII, LINE 2C:
THE ORGANIZATION'S GOVERNING BOARD MEETS WITH THE AUDITORS TO REVIEW THE AUDIT REPORT AND MANAGEMENT LETTER.

SCHEDULE K DISCLOSURE
CITY OF OTTAWA - 8/15/2004 - CUSIP# 689419AW9

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number

THIS BOND WAS ASSUMED BY OSF HEALTHCARE SYSTEM DURING THE MERGER TRANSACTION DESCRIBED IN THE SCHEDULE O RESPONSE FOR FORM 990, PART VI, LINE 4.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number
36-2604009

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) OSF LIFELINE AMBULANCE, LLC 20-0080542 318 ROXBURY ROAD ROCKFORD, IL 61107	SCH O	IL	0	0	OSF
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) SISTERS OF THE THIRD ORDER OF ST FRANCIS 37-1259286 800 NE GLEN OAK AVE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN11, II	N/A		
(2) OSF HEALTHCARE FOUNDATION 37-1259284 800 NE GLEN OAK AVE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN11, II	N/A		
(3) ST FRANCIS COMMUNITY CLINIC 37-0661235 530 NE GLEN OAK AVE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN 7	SIS.OF 3 OSF		
(4) OTTAWA REGIONAL HOSPITAL FOUNDATION 36-4007569 1100 EAST NORRIS DRIVE OTTAWA, IL 61350	SCH O	IL	501(C)(3)	LINE 11A, I	ORHHC	X	
(5) OTTAWA REGIONAL HOSPITAL AUXILIARY 36-3854788 1100 EAST NORRIS DRIVE OTTAWA, IL 61350	SCH O	IL	501(C)(3)		N/A		
(6) ORHHC LIABILITY LOSS FUND 36-361265 1100 EAST NORRIS DRIVE OTTAWA, IL 61350	SCH O	IL	501(C)(3)	LN 11A, I	ORHHC	X	
(7) OSF MULTI-SPECIALTY GROUP 38-3852646 800 N E GLEN OAK AVENUE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN 11A, I	OSF		

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

Employer identification number
36-2604009

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) OSF HEART & VASCULAR INSTITUTE 35-2422385 800 N E GLEN OAK AVENUE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN 11A, I	OSF		
(2) CHILDREN'S HOSP. OF ILLINOIS MED. GROUP 32-0353954 800 N E GLEN OAK AVENUE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN 11A, I	OSF		
(3) ILLINOIS NEUROSCIENCE INSTITUTE 36-4709999 800 N E GLEN OAK AVENUE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN 11A, I	OSF		
(4) OSF HEALTHCARE SYSTEM 37-0813229 800 NE GLEN OAK AVENUE PEORIA, IL 61603	SCH O	IL	501(C)(3)	LN 3	SIS. 3RD OSF		X
(5)							
(6)							
(7)							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) CTR FOR HEALTH AMBULATORY SURG 8800 ROUTE 91 NORTH	SCH O	IL	OSF	RELATED	0	0		X			X	
(2) STATE AND ROXBURY, LLC 26-1728 1725 HUNTWOOD DR, SUITE 400	SCH O	IL	OSF	RELATED	0	0		X			X	
(3) EASTLAND MEDICAL PLAZA SURGICE 1505 EASTLAND DRIVE	SCH O	IL	OSF	RELATED	0	0		X			X	
(4) FORT JESSE IMAGING CENTER, LLC 2200 FT. JESSE ROAD	SCH O	IL	OSF	RELATED	0	0		X			X	
(5) SLEEP CENTER OF CENTRAL ILLINO 2204 EASTLAND DRIVE, SUITE 100	SCH O	IL	OSF	RELATED	0	0		X			X	
(6) RADIATION ONCOLOGY OF NORTHERN 1200 STARFIRE DRIVE	SCH O	IL	ORHHC	RELATED	0	0		X			X	57 0000
(7) OTTAWA REGIONAL CARDINAL SLEEP 1601 MERCURY CIRCLE, SUITE 2	SCH O	IL	ORHHC	RELATED	0	0		X			X	100 0000

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No
(1) OSF SAINT FRANCIS, INC 36-3484677 800 NE GLEN OAK AVE PEORIA, IL 61603	SCH O	IL	OSF	C	0	0			
(2) HEARTCARE MIDWEST LTD 37-0996868 5405 N KNOXVILLE AVENUE PEORIA, IL 61614	SCH O	IL	OSF	C	0	0			
(3) CARDIOVASCULAR INSTITUTE AT OSF, LLC 26-4225726 444 ROXBURY ROAD ROCKFORD, IL 61107	SCH O	IL	OSF	C	0	0			
(4) ILLINOIS PATHOLOGIST SERVICES, LLC 80-0439081 5666 EAST STATE STREET ROCKFORD, IL 61108	SCH O	IL	OSF	C	0	0			
(5) OSF MULTISPECIALTY GROUP-EASTERN REGION, 30-0561892 1701 E COLLEGE AVENUE BLOOMINGTON, IL 61704	SCH O	IL	OSF	C	0	0			
(6) OSF MULTISPECIALTY GROUP-PEORIA, LLC 26-2800379 530 NE GLEN OAK AVENUE PEORIA, IL 61637	SCH O	IL	OSF	C	0	0			
(7) ILLINOIS NEUROLOGICAL INSTITUTE - PHYSIC 26-3109118 719 N WILLIAM KUMPF BLVD PEORIA, IL 61605	SCH O	IL	OSF	C	0	0			

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No
(1) ILLINOIS SPECIALTY PHYSICIAN SERVICES AT 80-0462209 1001 MAIN STREET, SUITE 200 PEORIA, IL 61606	SCH O	IL	OSF	C	0	0			
(2) OSF PERINATAL ASSOCIATES, LLC 80-0498373 4911 EXECUTIVE DRIVE, SUITE 200 PEORIA, IL 61614	SCH O	IL	OSF	C	0	0			
(3) OSF MULTISPECIALTY GROUP-WESTERN REGION, 80-0608541 3315 NORTH SEMINARY STREET GALESBURG, IL 61401	SCH O	IL	OSF	C	0	0			
(4) OSF CHILDREN'S MEDICAL GROUP - CONGENITA 90-0714643 5701 STRATHMOOR DRIVE, SUITE 1 ROCKFORD, IL 61107	SCH O	IL	OSF	C	0	0			
(5) PREFERRED EMERGENCY PHYSICIANS OF ILLINO 90-0749855 800 NE GLEN OAK AVENUE PEORIA, IL 61603	SCH O	IL	OSF	C	0	0			
(6) OTTAWA REGIONAL HEALTHCARE AFFILIATES, I 26-3937519 1100 EAST NORRIS DRIVE OTTAWA, IL 61350	SCH O	IL	ORHHC	C	0	0	100 0000		
(7) OTTAWA REGIONAL MEDICAL CENTER, INC 27-1036071 1614 EAST NORRIS DRIVE OTTAWA, IL 61350	SCH O	IL	ORHHC	C	0	0	100.0000		

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

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

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

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	OTTAWA REGIONAL MEDICAL CENTER INC.	A	172,740.	
(2)	OTTAWA REGIONAL MEDICAL CENTER INC.	B	885,478.	
(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.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part VII Supplemental Information

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

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Financial Statements
and Supplementary Information

September 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Table of Contents

		Page
Independent Auditors' Report		1
Consolidated Balance Sheets		3
Consolidated Statements of Operations and Changes in Unrestricted Net Assets		4
Consolidated Statements of Changes in Net Assets		5
Consolidated Statements of Cash Flows		6
Notes to Consolidated Financial Statements		7
Schedules		
1	2012 Consolidating Balance Sheet Information – OSF Healthcare System and Subsidiaries	60
2	2012 Consolidating Balance Sheet Information – Healthcare Providers	62
3	2012 Consolidating Balance Sheet Information – OSF Saint Francis, Inc. and Other Subsidiaries	64
4	2012 Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information – OSF Healthcare System and Subsidiaries	65
5	2012 Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information – Healthcare Providers	67
6	2012 Consolidating Statement of Operations and Changes in Stockholder's Equity Information – OSF Saint Francis, Inc. and Other Subsidiaries	69
7	2012 Consolidating Statement of Changes in Net Assets Information – OSF Healthcare System	70
8	2012 Consolidating Statement of Changes in Net Assets Information – Healthcare Providers	71

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

OSF Healthcare System
Peoria, Illinois:

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

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

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

As described in note 2(s) to the consolidated financial statements, OSF adopted the provisions of ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. As a result of this adoption, OSF has presented on a separate line the provision for uncollectible accounts as a deduction from net patient service revenue (net of contractual allowances and discounts) and included enhanced disclosures about the entity's policies for recognizing revenue and assessing bad debts.

Our audits were conducted for the purpose of forming an opinion on the 2012 consolidated financial statements as a whole. The 2012 supplementary information included in schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 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 2012 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 consolidated financial statements as a whole.

KPMG LLP

February 14, 2013

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2012 and 2011

(In thousands)

Assets		2012	2011
Current:			
Cash and cash equivalents	$	120,094	131,751
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $149,952 in 2012 and $133,862 in 2011		469,299	351,210
Other		86,329	66,583
Total current assets		675,722	549,544
Investments		712,329	627,987
Assets limited as to use		202,836	199,461
Property and equipment, net		936,207	893,970
Restricted assets		41,292	59,536
Other assets		68,623	52,254
Total assets	$	2,637,009	2,382,752
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$	10,505	17,284
Long-term debt subject to short-term remarketing arrangements		—	14,200
Accounts payable and accrued expenses		212,493	176,249
Estimated third-party payor settlements		89,312	74,453
Total current liabilities		312,310	282,186
Long-term debt, net of current portion		886,139	853,089
Accrued benefit liability		436,148	304,218
Estimated self-insurance liabilities		139,911	124,840
Other liabilities		73,867	64,416
Total liabilities		1,848,375	1,628,749
Net assets:			
Unrestricted:			
Unrestricted net assets of OSF		744,555	692,463
Noncontrolling interests in subsidiaries		2,787	2,004
Total unrestricted net assets		747,342	694,467
Temporarily restricted		28,113	47,705
Permanently restricted		13,179	11,831
Total net assets		788,634	754,003
Total liabilities and net assets	$	2,637,009	2,382,752

See accompanying notes to consolidated financial statements.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Operations and Change in Unrestricted Net Assets

Years ended September 30, 2012 and 2011

(In thousands)

	2012	2011
Net patient and resident service revenue, net of contractual allowances and discounts	$ 1,916,028	1,797,172
Provision for uncollectible accounts	(99,028)	(101,627)
Net patient service revenues less provision for uncollectible accounts	1,817,000	1,695,545
Other revenues:		
Contributions	4,985	5,301
Other	85,939	76,627
Net assets released from restrictions used for operations	1,536	1,998
Total revenues	1,909,460	1,779,471
Expenses:		
Salaries and benefits	1,049,347	947,802
Sisters' evaluated services	1,488	1,343
Supplies and other expenses	685,490	651,037
Depreciation and amortization	84,879	90,548
Impairment loss	—	17,575
Interest	36,539	37,709
Total expenses	1,857,743	1,746,014
Income before income tax expense	51,717	33,457
Income tax expense (benefit)	554	(126)
Income from operations	51,163	33,583
Nonoperating gains (losses):		
Investment income	33,052	32,115
Net settlement of derivative instruments	(7,671)	(7,528)
Change in fair value of investments	44,675	(27,178)
Loss on early extinguishment of debt	(11,341)	—
Change in fair value of derivative instruments	(4,175)	(13,520)
Contribution of excess assets over liabilities for Saint Elizabeth Medical Center	53,430	—
Total nonoperating gains (losses)	107,970	(16,111)
Net income	159,133	17,472
Other changes in unrestricted net assets:		
Net assets released from restrictions used for the purchase of property and equipment	27,586	1,171
Transfer to parent	(200)	—
Recognition of change in pension funded status	(130,781)	3,346
Net distributions paid to noncontrolling shareholders	(2,863)	(2,702)
Change in unrestricted net assets	$ 52,875	19,287

See accompanying notes to consolidated financial statements.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended September 30, 2012 and 2011

(In thousands)

	2012	2011
Unrestricted net assets:		
Net income	$ 159,133	17,472
Other changes in unrestricted net assets:		
Net assets released from restrictions used for the purchase of property and equipment	27,586	1,171
Transfer to parent	(200)	—
Recognition of change in pension funded status	(130,781)	3,346
Net distributions paid to noncontrolling shareholders	(2,863)	(2,702)
Change in unrestricted net assets	52,875	19,287
Temporarily restricted net assets:		
Contributions	7,688	9,456
Investment income (loss)	1,842	(310)
Net assets released from restrictions	(29,122)	(3,169)
Reclassification of net assets based on donor intent	—	2
Change in temporarily restricted net assets	(19,592)	5,979
Permanently restricted net assets:		
Contributions	1,348	2,177
Reclassification of net assets based on donor intent	—	(2)
Change in permanently restricted net assets	1,348	2,175
Change in net assets	34,631	27,441
Net assets, beginning of year	754,003	726,562
Net assets, end of year	$ 788,634	754,003

See accompanying notes to consolidated financial statements.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2012 and 2011

(In thousands)

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ 34,631	27,441
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Income from equity basis investments and gain on sale	(6,369)	(8,526)
Contribution of excess assets over liabilities for Saint Elizabeth Medical Center	(53,457)	—
Distributions from equity basis investments	4,149	5,910
Loss on early extinguishment of debt	11,341	—
Amortization of bond issue costs and premiums/discounts included in interest expense	487	465
Change in fair value of derivative instruments	4,175	13,520
Change in fair value of trading securities	(48,838)	28,603
Transfer to parent	200	—
Net realized gains on investments	(15,505)	(12,090)
Net distributions paid to noncontrolling shareholders	2,863	2,702
Depreciation and amortization	84,879	90,548
Impairment of property and equipment	—	17,575
Restricted contributions and investment income	(10,878)	(11,323)
Net assets released from restrictions	1,536	1,998
Provision for uncollectible accounts	99,028	101,627
Recognition of change in pension funded status	130,781	(3,346)
Changes in assets and liabilities		
Patients' and residents' accounts receivable	(202,860)	(168,513)
Other current assets	(16,753)	(13,626)
Other assets	(10,812)	(2,982)
Other liabilities	5,412	113
Accounts payable and accrued expenses	25,810	22,586
Estimated third-party payor settlements	8,104	10,627
Estimated self-insurance liabilities	13,486	13,105
Net cash provided by operating activities	61,410	116,414
Cash flows from investing activities:		
Acquisition of property and equipment	(94,030)	(82,244)
Net distributions paid to noncontrolling shareholders	(2,863)	(2,702)
Asset/stock purchase of affiliates	(525)	(58)
Change in restricted assets	18,244	(8,154)
Cash contributed for Saint Elizabeth Medical Center	3,674	—
Gross purchases of investments	(585,036)	(685,195)
Gross proceeds from the sale of investments	591,009	683,006
Net cash used in investing activities	(69,527)	(95,347)
Cash flows from financing activities:		
Restricted contributions and investment income	10,878	11,323
Net assets released from restriction for operations	(1,536)	(1,998)
Proceeds from issuance of long-term debt, including premium	197,854	5,973
Transfer to Parent	(200)	—
Extinguishment of long-term debt, including redemption premium	(188,187)	—
Payment of bond issue costs and original issue discount	(2,154)	—
Repayment of long-term debt	(20,195)	(20,764)
Net cash used in financing activities	(3,540)	(5,466)
Net change in cash and cash equivalents	(11,657)	15,601
Cash and cash equivalents:		
Beginning of year	131,751	116,150
End of year	$ 120,094	131,751
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 49,239	46,296
Cash paid for income taxes	(12)	398
Noncash transactions associated with Saint Elizabeth Medical Center		
Patient accounts receivable	14,257	—
Other current assets	2,993	—
Investments	29,347	—
Property and equipment	33,086	—
Other long-term assets	2,176	—
Accounts payable and accrued expenses	(10,434)	—
Estimated third-party payor settlements	(6,755)	—
Estimated self-insurance liabilities	(1,585)	—
Other long-term liabilities	(1,013)	—

See accompanying notes to consolidated financial statements.

(1) Organization

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

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

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

On April 30, 2012, OSF became the sole corporate member of Ottawa Regional Hospital & Healthcare Center d/b/a OSF Saint Elizabeth Medical Center (SEMC) an Illinois not-for-profit corporation. SEMC owns all of the capital stock of Ottawa Regional Healthcare Affiliates, Inc. and Ottawa Regional Hospital Auxiliary. SEMC is the sole member of Ottawa Regional Hospital Foundation and has a 57% ownership in Radiation Oncology of Northern Illinois, LLC (RONI). RONI is consolidated by SEMC.

Ottawa Regional Healthcare Affiliates, Inc. (ORHA) is an Illinois for-profit corporation, was incorporated in 2008, and is wholly owned by SEMC. ORHA is a holding company and does not itself operate any businesses. ORHA is the sole stockholder of Ottawa Regional Medical Center, Inc. (ORMC) and Ottawa Regional Cardinal Sleep Center, LLC (ORCSC) and 50% owner of Ottawa Regional DMC, LLC (DME). ORHA has not made any initial capital contributions to ORCSC and DME and there have been no operations within these entities at September 30, 2012.

Ottawa Regional Medical Center, Inc., an Illinois for-profit corporation, was incorporated in 2009. It provides primary care services through employed physicians and nurse practitioners at two locations. It also renders occupational health services, and operates a full-service laboratory and an urgent care clinic.

Ottawa Regional Cardinal Sleep Center, LLC and Ottawa Regional DME, LLC are limited liability companies formed in July 2010.

(Continued)

Ottawa Regional Hospital Auxiliary is an Illinois not-for-profit corporation organized and operated to support the charitable purposes of SEMC.

Ottawa Regional Hospital Foundation is an Illinois not-for-profit fund raising organization whose purpose is to support and encourage healthcare services in furtherance of the purpose of an in assistance to SEMC.

RONI is an Illinois limited liability company, formed in 2007 to own and operate a radiation oncology center.

The table on the following page represents the balance sheet as of April 30, 2012 for SEMC.

in thousands

Assets		
Current:		
Cash and cash equivalents	$	3,674
Patients' accounts receivable, net		14,257
Other current assets		2,993
Total current assets		20,924
Investments		29,347
Property and equipment, net		33,086
Other long-term assets		2,176
Total assets	$	85,533
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$	10,434
Estimated third-party payor settlements		6,755
Short-term debt		12,289
Total current liabilities		29,478
Estimated self-insurance liabilities		1,585
Other long-term liabilities		1,013
Total liabilities		32,076
Net assets:		
Unrestricted		52,739
Noncontrolling interest – unrestricted		691
Total unrestricted net assets		53,430
Temporarily restricted		22
Permanently restricted		5
Total net assets		53,457
Total liabilities and net assets	$	85,533

Commensurate with the acquisition, OSF capitalized the organization with $12,289, which was then used to legally defease the outstanding SEMC debt.

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State and Roxbury, LLC (SAR) was formed in 2009 to establish and operate a real estate management organization in Rockford, Illinois. SAMC has a 51.00% controlling interest in SAR as of September 30, 2012 and 2011.

The Center For Health Ambulatory Surgery Center, LLC (ASC) was formed in 2007 to establish and operate a multispecialty ambulatory surgical center in Peoria, Illinois. SFMC has a 60.25% controlling interest in ASC as of September 30, 2012 and 2011.

Fort Jesse Imaging Center, LLC (FJIC) was formed in 2002 to establish and operate a medical imaging center in Bloomington, Illinois. SJMC has a 50.01% controlling interest in FJIC as of September 30, 2012 and 2011.

Sleep Center of Central Illinois, LLC (SCCI) was formed in 2002 to establish and operate a sleep disorder diagnostic center in Bloomington, Illinois. SJMC has a 50.05% controlling interest in SCCI as of September 30, 2012 and 2011.

RONI, an Illinois limited liability company, was formed in 2007 to own and operate a radiation oncology center. SEMC has a 57% controlling ownership in RONI.

(Continued)

(In thousands)

The following represents a reconciliation of beginning and ending balances of OSF's interest and the noncontrolling interests for each class of net assets for which a noncontrolling interest exists during the years ended September 30, 2012 and 2011:

	Unrestricted net assets		
	Total	Controlling interest	Noncontrolling interest
Balance at September 30, 2010	$ 675,180	672,775	2,405
Net income	17,472	15,171	2,301
Net assets released from restrictions used for the purchase of property and equipment	1,171	1,171	—
Recognition of change in pension funded status	3,346	3,346	—
Net distributions paid to noncontrolling shareholders	(2,702)	—	(2,702)
Balance at September 30, 2011	694,467	692,463	2,004
Net income	159,133	155,487	3,646
Transfer to parent	(200)	(200)	—
Net assets released from restrictions used for the purchase of property and equipment	27,586	27,586	—
Recognition of change in pension funded status	(130,781)	(130,781)	—
Net distributions paid to noncontrolling shareholders	(2,863)	—	(2,863)
Balance at September 30, 2012	$ 747,342	744,555	2,787

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

(Continued)

(In thousands)

Summarized financial information of the Foundation for the years ended September 30, 2012 and 2011 is as follows:

	2012	2011
Assets	$ 81,287	70,870
Accounts payable and due to affiliates	10,728	8,679
Unrestricted net assets	42,740	33,671
Temporarily restricted net assets	19,790	21,835
Permanently restricted net assets	8,029	6,685
Cash transfers to OSF during the year	10,222	7,490

The amount due from the Foundation recognized at September 30, 2012 and 2011 consists of $4,127 and $2,196, respectively, in other current assets, $37,028 and $26,113, respectively, in investments, $28,448 and $33,902, respectively, in restricted assets, and $9,660 and $7,224, respectively, in other assets in the accompanying consolidated balance sheets.

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

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

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

(b) Cash and Cash Equivalents

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

(c) Investments and Investment Income

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

(Continued)

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

(d) Assets Limited as to Use

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

(e) Other Assets – Joint Ventures

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

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

(f) Property and Equipment

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

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

(g) Long-Lived Assets

Long-lived assets (including property and equipment) are periodically assessed for recoverability based on the occurrence of a significant adverse event or change in the environment in which OSF operates or if the expected future cash flows (undiscounted and without interest) would become less

than the carrying amount of the asset. An impairment loss would be recorded in the period such determination is made based on the fair value of the related entity. During 2012 and 2011, OSF determined that the value of certain information technology property and equipment had been impaired by $0 and $17,575, respectively.

(h) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually. In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*, which provides an entity the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more likely than not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required. OSF adopted this guidance in 2012.

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

OSF performs its annual impairment review of goodwill at September 30, and when a triggering event occurs between annual impairment tests. For 2012, OSF performed a qualitative assessment of goodwill and determined that it is not more likely than not that the fair values of its reporting units are less than the carrying amounts. Accordingly, no impairment loss was recorded in 2012 and 2011.

(i) Temporarily and Permanently Restricted Net Assets

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

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

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

OSF classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Investment returns in excess of spending are classified as increases in temporarily restricted net assets until appropriated for expenditure by OSF.

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

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

(j) Net Income

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

(k) Net Patient and Resident Service Revenue

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

(l) Charity Care

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

(m) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to OSF are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are pledges or are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or

(In thousands)

purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in unrestricted net assets as net assets released from restrictions.

Pledges receivable, included as restricted assets, at September 30, 2012 are expected to be collected according to the following schedule:

		Amount
2013	$	2,246
2014		491
2015		491
2016		491
2017		491
Thereafter		1,964
Pledges receivable	$	6,174

(n) Estimated Self-Insurance Liabilities

The provisions for estimated self-insured medical malpractice, workers' compensation, health and dental, and unemployment claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported. OSF's policy is to record all self-insurance liabilities as long-term.

(o) Services Provided by the Religious Community

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

(p) Derivative Instruments

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

(q) Income Taxes

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

(Continued)

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

OSF and SFI adopted ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*. The interpretation addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, OSF and SFI must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures. As of September 30, 2012 and 2011, OSF and SFI do not have any uncertain tax positions.

(r) Fair Value

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

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

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

(Continued)

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

(s) New Accounting Literature

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24). ASU 2010-24 clarifies that healthcare entities should not net insurance recoveries against the related claim liability and that the claim liability amount should be determined without consideration of insurance recoveries. The adoption of ASU 2010-24 as of October 1, 2011 had no impact on the consolidated financial statements.

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). ASU 2011-07 requires that entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay must present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statements of operations and changes in unrestricted net assets. All other entities would continue to present the provision for bad debts as an operating expense. In addition, there are enhanced disclosures about the entities' policies for recognizing revenue and assessing bad debts. The ASU also requires disclosures of patient service revenue as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. OSF adopted ASU 2011-07 effective October 1, 2011.

(t) Electronic Health Record Incentive Program

The Electronic Health Record (EHR) Incentive Program (the Program) provides incentive payments to eligible hospitals and professionals as they adopt, implement, upgrade, or demonstrate meaningful use of certified EHR technology in their first year of participation and demonstrate meaningful use for up to five remaining participation years. OSF accounts for the Program using the grant model. OSF applies the "ratable recognition" approach, which states that the grant income can be recognized ratably over the entire EHR reporting period once the "reasonable assurance" income recognition threshold of IAS20 is met. For the years ended September 30, 2012 and 2011, OSF recognized $17,780 and $10,842, respectively, as other revenue related to EHR incentives, which have been received or are expected to be received based on certifications prepared by management under the appropriate guidelines for stage 1 and stage 2 attestation.

(Continued)

(u) Reclassifications

Certain 2011 amounts have been reclassified to conform to the 2012 consolidated financial statement presentation including a reclassification of provision for uncollectible accounts in the consolidated statements of operations and changes in unrestricted net assets that decreases net patient service revenues and decreases total operating expenses by $91,815 as a result of adopting ASU 2011-07. In addition, a reclassification of $9,812 in the consolidated statements of operations and changes in unrestricted net assets that increases net patient and resident revenue and the provision for uncollectible accounts to reflect the physician practice provision that was previously reported net in net patient and resident service revenue.

(3) Net Patient and Resident Service Revenue

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

(a) Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and certain outpatient services are paid based upon a cost-reimbursement method, established fee screens, or a combination thereof. OSF is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by OSF and audits by the Medicare fiscal intermediary. Certain outpatient services are reimbursed at a prospectively determined rate per service based upon their ambulatory payment classification. As of September 30, 2012, Medicare cost reports have been audited and final-settled through September 30, 2007 for SFMC, through September 30, 2008 for SFH and SMMC, and through September 30, 2009 for SJJAMC, SJMC and HFMC. SAMC is final-settled for September 30, 2008 but not the September 30, 2007 report.

(b) Medicaid

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

OSF participates in the State of Illinois (the State) assessment program that assists in the financing of its Medicaid program. The State assessment program has been renewed by the State since its inception in 2004 and was renewed again on December 4, 2008 for the State's fiscal years ended June 30, 2009 through June 30, 2013. Pursuant to this program, hospitals within the State are required to remit payment to the State Medicaid Program under an assessment formula approved by the Centers for Medicare and Medicaid Services (CMS). Renewal for the period beginning July 1, 2013 has been submitted to the State; however; it has not been approved as of the issuance of this report.

(Continued)

As of and for the years ended September 30, 2012 and 2011, OSF has included its related assessment of $33,050 and $32,339, respectively, within other expense in the accompanying consolidated statements of operations and changes in unrestricted net assets. All of the assessment was paid as of September 30, 2012 and 2011. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas, also approved by CMS. OSF has included its additional related reimbursements for the years ended September 30, 2012 and 2011 of $49,972 and $51,256, respectively, within net patient service revenue in the accompanying consolidated statements of operations and changes in unrestricted net assets. The net effect of the assessment and reimbursement for the years ended September 30, 2012 and 2011 included in the accompanying consolidated statements of operations is $16,922 and $18,917, respectively.

(c) Other

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

Net patient and resident service revenue for the years ended September 30, 2012 and 2011 includes approximately $5,335 and $8,996, respectively, of net favorable retroactively determined settlements from third-party payors relating to prior years exclusive of the amounts related to the aforementioned Medicaid program. In addition, net patient service revenues for the year ended September 30, 2012 includes approximately $11,825 due to a settlement from Medicare for fiscal years 2007-2011 related to the Rural Floor Budget Neutrality Adjustment Appeal, which was settled in June 2012.

Patients' accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patients' accounts receivable, OSF analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, OSF analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with patient responsibility (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the patients are screened against the OSF charity care policy and uninsured discount policy. For any remaining patient responsibility balance, OSF records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

OSF's allowance for uncollectible accounts for self-pay patients, which includes uninsured patients and residual copayments and deductibles for which managed care has already paid, decreased from 77.64% of self-pay accounts receivable at September 30, 2011, to 76.31% of self-pay accounts receivable at September 30, 2012. In addition, OSF's self-pay write-offs increased $5,650 from $96,009 for fiscal year

(In thousands)

2011 to $101,659 for fiscal year 2012. OSF has not changed its charity care or uninsured discount policies during fiscal years 2012 or 2011. OSF does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors.

OSF recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, OSF recognizes revenue for services provided (on the basis of discounted rates, as provided by policy). On the basis of historical experience, a portion of OSF's uninsured patients will be unable or unwilling to pay for the services provided. Thus, OSF records a provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

		2012	2011
Medicare	$	553,977	504,579
Medicaid		253,966	237,988
Managed Care/contracted payor		837,082	778,890
Self Pay		68,629	68,320
Other		202,374	207,395
Net patient service revenues	$	1,916,028	1,797,172

(4) Concentration of Credit Risk

OSF grants credit without collateral to its patients and residents, most of whom are local residents and are insured under third-party payor arrangements. The mix of receivables from patients, residents, and third-party payors at September 30, 2012 and 2011 was as follows:

	2012	2011
Medicare	18%	19%
Medicaid	43	32
Blue cross	6	8
Other third-party payors	25	30
Patients	8	11
	100%	100%

(5) Charity Care

OSF affirms and maintains its commitment to serve its communities in a manner consistent with the philosophy of OSF and the Parent. The philosophy is that adequate access to healthcare is a basic human right for all. OSF is committed to the promotion, preservation, protection, and restoration of wellness, whenever possible. OSF's services are provided to all persons with compassion and regardless of a patient's financial resources. To support this statement, the costs (determined using an estimated current

(Continued)

(In thousands)

year Medicare cost-to-charge ratio) forgone for services and supplies furnished under OSF's charity assistance policy aggregated approximately $61,034 and $51,534 in 2012 and 2011, respectively. Not included in these amounts are benefits provided to the poor through the unpaid cost of Medicaid and other public programs. Additional other benefits provided are for the broader community that represents the unpaid cost of health education, research, and other community health services responding to a special need in the communities that OSF serves.

(6) Investments

(a) Investments

The composition of investments, at fair value, at September 30, 2012 and 2011 is set forth in the following table:

	2012	2011
Cash and cash equivalents	$ 19,508	8,006
Equities	118,635	102,164
U.S. Treasury obligations	38,669	49,162
U.S. government agencies	2,193	3,725
Municipal securities	10,981	10,459
Corporate obligations	78,905	84,794
Mutual funds – equities	13,769	5,167
Mutual funds – bonds	313,761	263,351
Commingled funds	41,864	34,948
Foreign equities	31,667	29,384
Foreign bonds	7,823	9,729
Foreign mutual funds – equities	2,206	1,688
Foreign securities – commingled	32,209	25,326
Land trust	139	84
	$ 712,329	627,987

(Continued)

(In thousands)

(b) Restricted Assets

The composition of restricted assets, at fair value, at September 30, 2012 and 2011 is set forth in the following table:

	2012	2011
Cash and cash equivalents	$ 409	617
Equities	2,549	2,423
U.S. government agencies	52	113
Corporate obligations	285	326
Mutual funds – equities	1,431	1,057
Mutual funds – bonds	720	516
Foreign mutual funds – equities	834	599
Foreign mutual funds – bonds	303	73
Foreign equities	87	—
Pledges receivable and other	6,174	19,910
Due from Foundation	28,448	33,902
	$ 41,292	59,536

(Continued)

(In thousands)

(c) Assets Limited as to Use

The composition of assets limited as to use, at fair value, with the exception of the guaranteed investment contract, which is at contract value, at September 30, 2012 and 2011 is set forth in the following table:

		2012	2011
Held by trustee under indenture agreement:			
Cash and cash equivalents	$	3,156	5,395
U.S. Treasury obligations		2,370	3,238
U.S. government agencies		20,510	20,518
Municipal securities		413	920
Corporate obligations		23,515	27,506
Guaranteed investment contract		—	9,260
Mutual funds – equities		223	125
Foreign mutual funds – equities		158	119
Commingled funds		1,500	1,331
		51,845	68,412
Board-designated for self-insurance:			
Cash and cash equivalents		26,722	37,979
U.S. Treasury obligations		44,412	27,143
U.S. government agencies		11,338	14,562
Corporate obligations		38,596	45,702
Mutual funds – equities		—	1,290
Foreign bonds		6,377	—
Foreign mutual funds – bonds		—	4,373
Commingled funds		23,546	—
		150,991	131,049
	$	202,836	199,461

The composition of OSF's investment return for the years ended September 30, 2012 and 2011 is as follows:

		2012	2011
Investment return:			
Interest and dividend income	$	23,725	23,456
Net realized gains		15,505	12,090
Change in net unrealized gains (losses) on trading securities		48,838	(28,603)
Total investment return	$	88,068	6,943

(Continued)

(In thousands)

Investment returns included in the accompanying consolidated statements of operations and changes in unrestricted net assets for the years ended September 30, 2012 and 2011 are as follows:

		2012	2011
Unrestricted revenue, gains, and other support:			
Other	$	8,499	2,316
Nonoperating gains (losses):			
Investment income		33,052	32,115
Change in fair value of investments		44,675	(27,178)
Other changes in unrestricted net assets:			
Temporarily restricted net assets:			
Investment (loss) income		1,842	(310)
Total investment return	$	88,068	6,943

(7) Property and Equipment

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

		2012	2011
Land	$	29,351	26,465
Land improvements		26,099	22,345
Buildings		1,110,784	1,041,112
Equipment		944,424	854,548
		2,110,658	1,944,470
Less accumulated depreciation		1,216,365	1,068,010
		894,293	876,460
Construction in progress		41,914	17,510
Property and equipment, net	$	936,207	893,970

Construction budgets of approximately $124,603 exist for construction and remodeling at various OSF facilities. At September 30, 2012, the remaining contractual commitment on these budgets approximated $45,762 and will be financed by operations and existing funds. During the years ended September 30, 2012 and 2011, OSF did not capitalize any interest.

(Continued)

(8) Other Assets

Included in other assets at September 30 are the following:

- Bond financing costs, net of accumulated amortization of $7,874 in 2012 and $7,327 in 2011
- Escrow deposits of $5,275 in 2012 and $4,726 in 2011 for the self-insured workers' compensation program
- Goodwill of $6,632 at September 30, 2012 and 2011
- Pledges receivable of $9,660 and $7,224 at September 30, 2012 and 2011, respectively
- Other miscellaneous assets of $24,608 and $14,515 at September 30, 2012 and 2011, respectively
- The investments in affiliated companies accounted for using the equity method of accounting totaled $14,574 and $11,830 at September 30, 2012 and 2011, respectively. The most significant of these investments include:
  - Eastland Medical Plaza SurgiCenter, LLC – 50.0% ownership interest
  - Community Cancer, LLC – 50.0% ownership interest
  - Bloomington-Normal Healthcare, LLC – 0% ownership interest at September 30, 2012 (25.0% ownership interest at September 30, 2011)
  - Renal Intervention Center, LLC – 34.0% ownership interest
  - SimNext, LLC – 50.0% ownership interest
  - River Plex Fitness Center, LLC – 50.0% ownership interest (in operating results only)
  - McLean Imaging Properties, LLC – 49.9% ownership interest
  - Rockford Orthopedic Surgery Center, LLC (ROSC) – 25.0% ownership interest
  - DME – 50% ownership interest as of September 30, 2012. ORHA has not made any initial capital contributions to this entity, and there have been no operations with this entity as of September 30, 2012.

For the years ended September 30, 2012 and 2011, OSF recognized income of $6,369 and $5,913 in investments in affiliated companies, respectively, as a component of other revenue. In addition, during 2011, OSF sold its interest in the Bloomington-Normal Healthcare, LLC investment, which resulted in a gain of $2,613, also included as a component of other revenue.

(Continued)

(In thousands)

The following table summarizes the unaudited aggregated financial information of unconsolidated affiliated companies of OSF as of September 30, 2012 and 2011:

		2012	2011
Total assets	$	38,808	35,629
Total liabilities		8,131	21,642
Total net assets	$	30,677	13,987
Net revenues	$	36,257	37,020
Operating expenses		21,484	23,233
Net income	$	14,773	13,787

(9) Long-Term Debt

A summary of long-term debt at September 30, 2012 and 2011 is as follows:

		2012	2011
Revenue Refunding Bonds (Illinois Finance Authority Bonds, Series 2012A), payable in annual installments of varying amounts, commencing on May 15, 2013 at fixed interest rates between 3.00% and 5.00% depending on the date of maturity through May 15, 2041.	$	179,845	—
Revenue Refunding Bonds (Illinois Finance Authority Bonds, Series 2010A), payable in annual installments of varying amounts, commencing on May 15, 2011 at a fixed interest rate of 6.00%. The bonds mature on May 15, 2039.		158,985	161,470
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009A), payable in annual installments of varying amounts, commencing on November 15, 2010 at fixed interest rates between 5.000% and 7.125% depending on the date of maturity through November 15, 2037.		83,165	124,270
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009B, Series 2009C, and Series 2009D), payable in annual installments of varying amounts, commencing November 15, 2021 through November 15, 2037. Interest is determined weekly based on current market conditions (0.17%, 0.18%, and 0.18%, respectively, as of September 30, 2012 and 0.13%, 0.15%, and 0.16%, respectively, as of September 30, 2011).		125,000	125,000

(Continued)

(In thousands)

	2012	2011
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009E), payable in semiannual installments of varying amounts, commencing May 15, 2010 through November 15, 2024. Interest is fixed at 4.98%, which will be reset every three years commencing on November 15, 2012	$ 23,179	23,938
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009F), payable in semiannual installments of varying amounts, commencing May 15, 2010 through November 15, 2019. Interest is fixed at 5.26%. Series 2009F bonds were refunded in 2012.	—	22,486
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009G), payable in annual installments of varying amounts, commencing August 1, 2010 through August 1, 2029. Interest is determined monthly based on the current market conditions (1.16% as of September 30, 2012 and 1.15% as of September 30, 2011).	18,500	19,000
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007A), payable in annual installments of varying amounts, commencing on November 15, 2010 at fixed interest rates between 4.50% and 5.75% depending on the date of maturity through November 15, 2037.	116,795	117,970
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007E and Series 2007F) payable in annual installments of varying amounts commencing November 15, 2024 through November 15, 2037. Interest is determined weekly based on current market conditions (0.27% and 0.26%, respectively, as of September 30, 2012 and 0.18% and 0.21%, respectively, as of September 30, 2011).	125,000	140,000
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007G) payable in annual installments of varying amounts commencing November 15, 2010 through November 15, 2024. Series 2007G Bonds were refunded in 2012. Interest was determined daily based on current market conditions (0.18% as of September 30, 2011).	—	15,945
Revenue Bonds (Pooled Financing Program, Series 1985F) payable in monthly installments of $0.75, commencing on June 15, 2008, and a final monthly installment of $1,327 due on December 15, 2012, plus varying interest payable monthly. Interest is determined monthly based on current market conditions (0.29% at September 30, 2012 and 0.15% at September 30, 2011).	1,476	2,377

(Continued)

(In thousands)

	2012	2011
Revenue Bonds (Illinois Finance Authority Bonds, Series 2004) payable in annual installments of varying amounts at fixed interest rates between 5.00% and 5.25% depending on the date of maturity through November 15, 2023. Series 2004 were defeased in 2012.	$ —	64,250
Commercial Paper Revenue Notes (Illinois Educational Facilities Authority, Pooled Financing Program) payable in annual installments of varying amounts commencing on November 15, 2009 through November 15, 2038. The Commercial Paper Notes were refunded in 2012. Interest rate varied monthly based on current market conditions (effective rate 0.17% as of September 30, 2011).	—	14,200
Revenue Bonds (OSF Finance Company, LLC, Adjustable Rate Taxable Securities, Series 2007-A) payable in annual installments of varying amounts commencing on December 1, 2009 through December 1, 2037. Interest rate varies weekly based on current market conditions (0.20% as of September 30, 2012 and 0.22% at September 30, 2011).	25,570	25,770
Mortgage note payable to Busey Bank, secured by an office building. At September 30, 2012, the note bears an interest rate of 4.32% payable monthly. Principal and interest of $16 is due monthly through July 2016 with a balloon payment of $1,259 due August 26, 2016.	1,736	1,847
Mortgage note payable to Wells Fargo Bank, secured by a medical office building. The note payable was refinanced in 2012. Principal and interest of $7.4 is due monthly through November 2017. The note bears an interest rate of 2.46% and 5.13% at September 30, 2012 and 2011, respectively.	414	481
Mortgage note payable to JP Morgan Chase Bank, N.A., secured by a medical office building. The interest rate varies monthly based on current market conditions (1.97% and 1.97% as of September 30, 2012 and 2011, respectively). Principal payment of $47 plus accrued interest is due monthly through August 2017 with a balloon payment of $3,556 due September 30, 2017.	6,306	6,865
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 4.27% payable monthly. Principal and interest of $32 is payable monthly through June 30, 2015 with a balloon payment of $3,172 due July 30, 2015.	3,793	4,011

(Continued)

(In thousands)

	2012	2011
Construction note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 4.27% payable monthly. Principal and interest of $15 is payable monthly through June 30, 2015 with a balloon payment of $1,502 due July 30, 2015.	$ 1,793	1,896
Note payable to GE Capital, secured by an aviation hangar. The note bears an interest rate of 6.26%. Principal and interest of $26 is payable monthly through April 1, 2012 with a balloon payment of $1,774 due May 1, 2012. The note was paid off in 2012.	—	1,861
Mortgage note payable to Heartland Bank, secured by a medical office building. The note bears an interest rate of 5.60% payable monthly. Principal and interest of $46 is payable monthly through September 2014 with a balloon payment of $2,450 due September 30, 2014. The note was refinanced in 2012.	—	3,570
Mortgage note payable to Heartland Bank, secured by a medical office building. The note bears an interest rate of 4.24% payable monthly. Principal and interest of $32 is payable monthly through May 19, 2017 with a balloon payment of $3,173 due June 19, 2017.	4,221	—
Note payable to Commerce Bank, secured by an aviation hangar. The note bears an interest rate of 3.05%. Principal and interest of $14 is payable monthly through May 1, 2017 with a balloon payment of $1,064 due June 1, 2017.	1,643	—
Note payable to Commerce Bank. The note bears an interest rate of 2.50%. Principal and interest of $3 is payable monthly through June 1, 2015.	97	—
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 3.69% payable monthly. Principal and interest payments of $43 is payable monthly through October 1, 2015 with a balloon payment of $4,361 due November 1, 2015.	5,381	5,691

(Continued)

(In thousands)

	2012	2011
Other miscellaneous notes payable	$ 5,224	4,689
	888,123	887,587
Plus original issue discount, net	8,521	(3,014)
Total debt	896,644	884,573
Less current installments	10,505	17,284
Less long-term debt subject to short-term remarketing agreements	—	14,200
Total long-term debt, excluding current installments	$ 886,139	853,089

OSF's effective interest rates for variable rate debt for the years ended September 30, 2012 and 2011 are as follows:

	2012	2011
Variable interest rate issues:		
2007E	0.29%	0.27%
2007F	0.29	0.25
2007G	NA	0.17
2009B	0.14	0.20
2009C	0.16	0.21
2009D	0.15	0.22
2009G	1.16	1.30

OSF entered into an amended and restated Master Trust Indenture (MTI) dated September 15, 1999. The purpose of the MTI is to provide a mechanism for the efficient and economical advancement of funds to various operating divisions of OSF using the collective borrowing capacity and credit rating of OSF. OSF has pledged letters of credit as collateral on borrowings under the MTI. Under the terms of the MTI, OSF is also required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use. The MTI also places limits on the incurrence of additional borrowings and requires that OSF satisfy certain measures of financial performance as long as the notes are outstanding. As of September 30, 2012 and 2011, amounts outstanding under the MTI totaled $831,946 and $830,906, respectively.

Bond issue premiums and costs are amortized over the term of the related bonds using the straight line method unless the bonds are secured by an underlying letter of credit in which case the shorter life of that line of credit is used for amortizing. Bond issuance costs, net of amortization, are reported as other assets in the accompanying consolidated balance sheets.

In September 2012, OSF refinanced Series 2004, 2007G, 2009F, and portion of 2007F and 2009A. The result of the refinancing was a loss on early extinguishment of debt of $11,341.

(Continued)

(In thousands)

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

Series	Term
1985F	No change to amortization
2007E	Annually over five years beginning 366 days after bank purchase date
2007F	Annually over five years beginning 366 days after bank purchase date
2009B	Quarterly over three years beginning three months after 366 days elapsed since liquidity advance
2009C	Quarterly over three years beginning on the first day of the calendar quarter after 366 days elapsed since liquidity advance
2009D	Quarterly over two years beginning after 367 days elapsed since liquidity advance

On September 26, 2012, the Illinois Finance Authority, on behalf of OSF, issued $179,845 in Series 2012A bonds. Proceeds from these bonds were used to refinance and redeem all of the Illinois Finance Authority Revenue Bonds Series 2004, Series 2007G and Series 2009F, $15,000 of Illinois Finance Authority Variable Rate Demand Revenue Bonds Series 2007F, $40,310 of the Illinois Finance Authority Revenue Bonds Series 2009A, paid off a bank line of credit, and to reimburse OSF for the birthing center renovation and other construction projects.

On November 30, 2011, OSF paid off the commercial paper using a bank line of credit.

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

Year ending September 30:		
2013	$	10,505
2014		6,908
2015		11,415
2016		10,528
2017		24,605
Thereafter		824,162

(Continued)

(In thousands)

Principal repayments on long-term debt in the event that the variable rate demand bonds are put back to OSF and corresponding draws are made on the underlying letter-of-credit facilities on the first day of fiscal year 2012 are as follows:

Year ending September 30:		
2013	$	10,505
2014		103,158
2015		81,831
2016		58,445
2017		60,022
Thereafter		574,162

A summary of interest cost and investment income on borrowed funds held by the trustee under the MTI during the years ended September 30, 2012 and 2011 is as follows:

		2012	2011
Interest cost – charged to operations	$	31,197	31,706

(10) Derivative Instruments and Hedging Activities

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

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

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

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

OSF is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements; however, this is not anticipated. During the years ended September 30, 2012 and 2011, neither OSF nor any counterparty to the interest rate swap agreements was required to post collateral.

(Continued)

(In thousands)

A summary of outstanding positions under OSF's interest rate swap program at September 30, 2012 is as follows:

Notional amount	Maturity date	Rate received	Rate paid
$ 110,000	September 4, 2029	72% of LIBOR + 0.35%	BMA Index
110,000	September 4, 2029	72% of USD – ISDA – Swap rate + 0.072%	72% of LIBOR + 0.35%
50,000	November 2, 2029	BMA Index	3.969%
50,275	October 19, 2029	BMA Index	3.969%
12,900	November 15, 2024	BMA Index	3.794%
130,000	November 15, 2037	67% of USD – LIBOR-BBA	3.651%
100,000	November 15, 2037	98.25% of USD – LIBOR-BBA	USD – SIFMA Municipal Swap Index

Net payments equal to the differential to be paid under all interest rate swap agreements are recognized within nonoperating gain (losses) and amounted to approximately $7,671 and $7,528 in 2012 and 2011, respectively.

The fair value of the swap agreements under ASC Subtopic 820-10 was $(56,932) and $(52,915) and is recorded as a component of other liabilities in the accompanying consolidated balance sheets at September 30, 2012 and 2011, respectively. For the years ended September 30, 2012 and 2011, OSF recognized an unrealized loss of $(4,017) and $(13,480), respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments.

The following is a summary of the swaps as of September 30, 2012:

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed spread basis	$ 110,000	564	322
CMS LIBOR	110,000	3,196	3,026
Floating-to-fixed	50,000	(11,676)	(11,000)
Floating-to-fixed	50,275	(11,795)	(11,046)
Floating-to-fixed	12,900	(2,169)	(2,043)
Floating-to-fixed	130,000	(42,991)	(39,252)
Basis swap	100,000	3,786	3,061
		$ (61,085)	(56,932)

(Continued)

(In thousands)

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

Type of interest swap		Notional amount	Settlement value	Fair value
Fixed spread basis	$	110,000	(1,737)	(1,538)
CMS LIBOR		110,000	2,906	2,812
Floating-to-fixed		51,075	(9,776)	(9,102)
Floating-to-fixed		51,350	(9,879)	(9,135)
Floating-to-fixed		13,650	(1,924)	(1,793)
Floating-to-fixed		130,000	(40,575)	(35,523)
Basis swap		100,000	1,773	1,364
			$ (59,212)	(52,915)

A summary of outstanding positions under SFI's interest rate swap program at September 30, 2012 is as follows:

Notional amount	Maturity date	Rate received	Rate paid
$ 13,000	December 1, 2017	USD – LIBOR-BBA	4.35%

Net payments equal to the differential to be paid under the interest rate swap program are recognized as a component of interest expense and amounted to approximately $651 and $843 in 2012 and 2011, respectively.

As of September 30, 2012 and 2011, the fair market value of the SFI swap agreements was $(2,352) and $(2,194), respectively, and is recorded as a component of other liabilities in the accompanying consolidated balance sheets. For the years ended September 30, 2012 and 2011, SFI recognized an unrealized loss of $(158) and $(40), respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments.

The following is a summary of SFI's swaps as of September 30, 2012:

Type of interest swap		Notional amount	Settlement value	Fair value
Fixed rate payor	$	13,000	(2,402)	(2,352)
			$ (2,402)	(2,352)

(Continued)

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

Type of interest swap	Notional amount	Settlement value	Fair value
Fixed rate payor	$ 13,000	(2,247)	(2,194)
		$ (2,247)	(2,194)

(11) Investment Composition and Fair Value Measurements

(a) Overall Investment Objective

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

(b) Allocation of Investment Strategies

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

(c) Basis of Reporting

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

(d) Fair Value of Financial Instruments

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

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

(Continued)

(In thousands)

- Fair values of OSF's investments held as investments, assets limited as to use, and restricted assets are estimated based on prices provided by its investment managers and its custodian bank except for commingled funds. The carrying value of pledges receivable approximates fair value. Fair value for cash and cash equivalents, equities, U.S. Treasury obligations, U.S. government agencies, municipal securities, corporate obligations, and foreign securities are measured using quoted market prices at the reporting date multiplied by the quantity held.

- Commingled funds and mutual funds are valued using net asset value as a practical expedient to measure fair value as allowed by ASU 2009-12.

- Fair value of fixed rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to OSF for debt of the same remaining maturities. For variable rate debt, carrying amounts approximate fair value. Fair value was estimated using quoted market prices based upon OSF's current borrowing rates for similar types of long-term debt securities.

- Fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and OSF.

The following table presents the carrying amounts and estimated fair values of OSF's financial instruments not carried at fair value at September 30, 2012 and 2011:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	$ 896,644	959,649	884,573	907,046

(e) Fair Value Hierarchy

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

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

(Continued)

(In thousands)

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

The following tables present OSF's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2012:

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 120,094	116,996	3,098	—
Investments:				
Cash and cash equivalents	19,508	15,896	3,612	—
Equities	118,635	118,635	—	—
U.S. Treasury obligations	38,669	38,669	—	—
U.S. government agencies	2,193	—	2,193	—
Municipal securities	10,981	—	4,181	6,800
Corporate obligations	78,905	—	66,639	12,266
Mutual funds – equities	13,769	13,769	—	—
Mutual funds – bonds	313,761	—	313,761	—
Foreign equities	31,667	31,667	—	—
Foreign bonds	7,823	—	7,823	—
Foreign mutual funds – equities	2,206	2,206	—	—
Foreign securities – commingled	32,209	2,450	29,759	—
Commingled funds	41,864	37,082	4,782	—
Land trust	139	—	—	139
Restricted assets – excluding amounts due from Foundation of $28,448 and pledges receivable and other of $6,174:				
Cash and cash equivalents	409	409	—	—
Equities	2,549	2,549	—	—
U.S. government agencies	52	—	52	—
Corporate obligations	285	—	285	—
Mutual funds – equities	1,431	1,431	—	—
Mutual funds – bonds	720	—	720	—
Foreign mutual funds – equities	834	834	—	—
Foreign mutual funds – bonds	303	—	303	—
Foreign equities	87	87	—	—

(Continued)

(In thousands)

	Fair value	Level 1	Level 2	Level 3
Assets limited as to use – excluding amount of the guaranteed investment contract of $0:				
Cash and cash equivalents	$ 29,878	29,878	—	—
U.S. Treasury obligations	46,782	46,782	—	—
U.S. government agencies	31,848	—	31,848	—
Municipal securities	413	—	413	—
Corporate obligations	62,111	—	60,353	1,758
Mutual funds	223	223	—	—
Foreign securities	6,535	158	6,377	—
Commingled funds	25,046	23,976	1,070	—
Total financial assets	$ 1,041,929	483,697	537,269	20,963

	Fair value	Level 1	Level 2	Level 3
Financial liabilities:				
Fair value of swap agreements	$ (59,284)	—	(59,284)	—
Total financial liabilities	$ (59,284)	—	(59,284)	—

(Continued)

(In thousands)

OSF's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2012 and 2011.

The following table summarizes the changes for the year ended September 30, 2012 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

Level 3 assets	Beginning balance, September 30, 2011	Realized and unrealized gains, net	Purchases, sales, settlements, and transfers, net	Ending balance, September 30, 2012
Corporate obligations	$ 14,040	8	(24)	14,024
Municipal securities	7,150	—	(350)	6,800
Land trust	84	55	—	139
	$ 21,274	63	(374)	20,963

(Continued)

(In thousands)

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

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 131,751	127,998	3,753	—
Investments:				
Cash and cash equivalents	8,006	7,705	301	—
Equities	102,164	102,164	—	—
U.S. Treasury obligations	49,162	49,162	—	—
U.S. government agencies	3,725	—	3,725	—
Municipal securities	10,459	—	3,309	7,150
Corporate obligations	84,794	—	72,512	12,282
Mutual funds – equities	5,167	5,167	—	—
Mutual funds – bonds	263,351	—	263,351	—
Foreign equities	29,384	29,384	—	—
Foreign bonds	9,729	—	9,729	—
Foreign mutual funds – equities	1,688	1,688	—	—
Foreign securities – commingled	25,326	—	25,326	—
Commingled funds	34,948	34,948	—	—
Land trust	84	—	—	84
Restricted assets – excluding amounts due from Foundation of $33,902 and pledges receivable and other of $19,910:				
Cash and cash equivalents	617	617	—	—
Equities	2,423	2,423	—	—
U.S. government agencies	113	—	113	—
Corporate obligations	326	—	326	—
Mutual funds – equities	1,057	1,057	—	—
Mutual funds – bonds	516	—	516	—
Foreign mutual funds – equities	599	599	—	—
Foreign mutual funds – bonds	73	—	73	—

(Continued)

(In thousands)

	Fair value	Level 1	Level 2	Level 3
Assets limited as to use – excluding amount of the guaranteed investment contract of $9,260:				
Cash and cash equivalents	$ 43,374	43,374	—	—
U.S. Treasury obligations	30,381	30,381	—	—
U.S. government agencies	35,080	—	35,080	—
Municipal securities	920	—	920	—
Corporate obligations	73,208	—	71,450	1,758
Mutual funds – equities	1,415	1,415	—	—
Foreign mutual fund – equities	119	119	—	—
Foreign mutual fund – bonds	4,373	—	4,373	—
Commingled funds	1,331	332	999	—
Total financial assets	$ 955,663	438,533	495,856	21,274

	Fair value	Level 1	Level 2	Level 3
Financial liabilities:				
Fair value of swap agreements	$ (55,109)	—	(55,109)	—
Total financial liabilities	$ (55,109)	—	(55,109)	—

(Continued)

(In thousands)

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

Level 3 assets	Beginning balance, October 1, 2010	Realized and unrealized gains (losses), net	Purchases, sales, settlements, and transfers, net	Ending balance, September 30, 2011
Corporate obligations	$ 14,602	50	(612)	14,040
Municipal securities	7,750	—	(600)	7,150
U.S. government agencies	201	(5)	(196)	—
Land trust	68	16	—	84
	$ 22,621	61	(1,408)	21,274

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

	2012	2011	Redemption frequency	Days notice
Investments:				
Foreign securities	$ 29,759	25,326	Monthly	10
Foreign securities	2,450	—	Daily	3
Commingled funds	41,864	34,948	Daily	2
Assets limited as to use:				
Cash and cash equivalents	$ 26,722	37,979	Daily	2
Foreign securities	6,377	4,373	Daily	2
Mutual funds	—	1,290	Daily	2
Corporate obligations	38,596	45,702	Daily	2
U.S. Treasury obligations	44,412	27,143	Daily	2
U.S. government agencies	11,338	14,562	Daily	2
Guaranteed investment contract	—	9,260	Monthly	7

(12) Temporarily and Permanently Restricted Net Assets

OSF's temporarily restricted net assets of $28,113 and $47,705 at September 30, 2012 and 2011, respectively, are restricted for nursing education, and various programs related to the provision of healthcare, and $1,755 and $20,000 that is restricted for the construction of a building at September 30, 2012 and 2011.

(Continued)

OSF's permanently restricted net assets of $13,179 and $11,831 at September 30, 2012 and 2011, respectively, consist of investments to be held in perpetuity, the majority of income of which is expendable to support healthcare services.

During 2012 and 2011, net assets were released from donor restrictions by purchasing equipment and incurring expenses satisfying the restricted purpose of healthcare and nursing education in the amount of $29,122 and $3,169, respectively.

(13) Self-Insurance

OSF has established a self-insurance program on an occurrence basis for professional and general liability, which provides for both self-insured limits and purchased coverage above such limits. Beginning October 1, 2008, excess coverage is provided by OSF Assurance Company, who purchases reinsurance from a third-party carrier for professional and general liability that has a limit of $25,000 for each claim and in the aggregate and is in excess of $7,000 for each and every occurrence. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. OSF has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued malpractice losses are recorded on an undiscounted basis. In management's opinion, the accrued malpractice losses provide an adequate reserve for loss contingencies.

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

(14) Retirement Benefits

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

(Continued)

(In thousands)

The actuarial funding method used in the actuarial valuation for 2012 and 2011 is the projected unit credit cost method. The measurement date for plan liabilities and assets is September 30 for the years ended September 30, 2012 and 2011. The following tables set forth the Plan's funded status and amounts recognized in OSF's consolidated financial statements at September 30, 2012 and 2011:

		2012	2011
Change in benefit obligation:			
Benefit obligation at beginning of year	$	668,166	679,224
Service cost		—	14,006
Interest cost		34,711	35,797
Actuarial loss		140,256	29,303
Benefits paid		(16,332)	(13,000)
Curtailments		8,020	(77,164)
Benefit obligation at end of year	$	834,821	668,166
Change in plan assets:			
Fair value of plan assets at beginning of year	$	379,236	386,728
Actual return on plan assets		57,653	(10,364)
Employer contributions		—	15,872
Benefits paid		(16,332)	(13,000)
Fair value of plan assets at end of year	$	420,557	379,236
Reconciliation of funded status:			
Funded status	$	(414,264)	(288,930)
Net amount recognized at year-end	$	(414,264)	(288,930)
Amounts recognized in the accompanying consolidated balance sheets:			
Accrued benefit liability	$	(414,264)	(288,930)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to unrestricted net assets:			
Net actuarial loss	$	(399,908)	(282,912)
Prior service cost		(8,020)	—
Net amounts recognized in the accompanying consolidated balance sheets	$	(407,928)	(282,912)

(Continued)

(In thousands)

	2012	2011
Weighted average assumptions:		
Discount rate:		
Benefit obligation	4.10%	5.25%
Net periodic benefit cost	5.25	5.70 / 6.00
Rate of compensation increase:		
Benefit obligation	N/A	4.50
Net periodic benefit cost	4.50	4.50
Expected return on plan assets	8.00	8.00
Components of net periodic benefit cost:		
Service cost	$ —	14,006
Interest cost	34,711	35,797
Expected return on plan assets	(37,726)	(38,120)
Amortization of prior service cost	—	2
Amortization of actuarial loss	3,333	3,740
Net periodic benefit cost	$ 318	15,425

The accumulated benefit obligation for the Plan was $834,821 and $668,166 at September 30, 2012 and 2011, respectively.

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

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

OSF is expected to contribute approximately $6,420 to the Plan in 2013.

The benefits expected to be paid in each year 2013 through 2017 are approximately $16,202, $19,696, $22,612, $25,648, and $28,669, respectively. The aggregate benefits expected to be paid in the five years from 2018 through 2022 are approximately $185,270. The expected benefits are based on the same assumptions used to measure OSF's benefit obligation at September 30, 2012.

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

(Continued)

(In thousands)

The table below lists the target asset allocation and acceptable ranges and actual asset allocations as of September 30, 2012 and 2011:

Asset	Target allocation	Acceptable range	Actual allocation at September 30 2012	2011
Large cap equity	39%	34 to 44%	40.9%	31.1%
Small cap equity	6	1 to 11	5.8	4.7
International equity	20	15 to 25	20.0	17.5
Fixed income	35	30 to 40	32.6	36.6
Hedge funds	—	—	—	9.1
Private equity	—	—	0.1	0.1
Cash	—	—	0.6	0.9

Fair Value of Financial Instruments

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2012 and 2011.

- Fair values of the Plan's assets are estimated based on prices provided by its investment managers and its custodian bank except for commingled funds. Fair value for cash and cash equivalents, equities, U.S. Treasury obligations, U.S. government agencies, municipal securities, corporate obligations, mutual funds, and foreign securities are measured using quoted market prices at the reporting date multiplied by the quantity held.

- Commingled funds and mutual funds are valued using net asset value as a practical expedient to measure fair value as allowed by ASU 2009-12.

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

Fair Value Hierarchy

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

(Continued)

(In thousands)

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2012:

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Cash and cash equivalents	$ 6,266	6,266	—	—
Equities	128,019	128,019	—	—
U.S. Treasury obligations	15,669	15,669	—	—
U.S. government agencies	1,138	—	1,138	—
Municipal securities	315	—	315	—
Corporate obligations	24,942	—	24,753	189
Mutual funds – equities	923	923	—	—
Mutual funds – bonds	89,777	—	89,777	—
Foreign equities	47,320	47,320	—	—
Foreign bonds	3,807	—	3,807	—
Foreign commingled funds	42,217	—	42,217	—
Commingled funds	59,910	59,208	702	—
Partnership	254	—	—	254
Total financial assets	$ 420,557	257,405	162,709	443

The following table summarizes the changes for the year ended September 30, 2012 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

Level 3 assets	Beginning balance, October 1, 2011	Realized and unrealized gains (losses), net	Purchases, sales, settlements, and transfers, net	Ending balance, September 30, 2012
Corporate obligations	$ 253	3	(67)	189
Partnership	34,778	(2,767)	(31,757)	254
	$ 35,031	(2,764)	(31,824)	443

(Continued)

(In thousands)

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

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Cash and cash equivalents	$ 8,250	8,250	—	—
Equities	85,117	85,117	—	—
U.S. Treasury obligations	18,333	18,333	—	—
U.S. government agencies	1,509	—	1,509	—
Municipal securities	304	—	304	—
Corporate obligations	24,212	—	23,959	253
Mutual funds – equities	56	56	—	—
Mutual funds – bonds	89,317	—	89,317	—
Foreign equities	35,053	35,053	—	—
Foreign bonds	4,351	—	4,351	—
Foreign commingled funds	35,928	—	35,928	—
Commingled funds	42,028	41,365	663	—
Partnership	34,778	—	—	34,778
Total financial assets	$ 379,236	188,174	156,031	35,031

The Plan's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2012 and 2011.

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

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

(Continued)

(In thousands)

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

	2012	2011	Redemption frequency	Days notice
Commingled funds	$ 59,910	42,028	Daily	2
Partnership	254	34,778	Daily	30

In addition, OSF sponsors a retirement savings plan that includes a 401(k) feature. In conjunction with the change in the pension plan on March 5, 2011, OSF enhanced the retirement savings plan by increasing the match and adding an annual discretionary contribution. During 2010 and through March 4, 2011, participants could deposit an amount from 1% to 50% of their eligible compensation up to the Internal Revenue Service (IRS) limit of $17. OSF contributed 50% of the employee contributions up to 6% of eligible compensation. Effective March 5, 2011, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. OSF contributes 100% of the employee contribution up to 5% of eligible compensation. OSF may also make annual discretionary contributions based on a participant's age and years of service. OSF contributed $46,926 in 2012 and $18,417 in 2011 to the retirement savings plan, which has been expensed as salaries and benefits expense. OSF also accrued for an anticipated discretionary contribution of $20,175 in 2012, which has been expensed as salaries and benefits expense (none in 2011).

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

(Continued)

(In thousands)

The actuarial funding method used in the actuarial valuation for 2012 and 2011 for the SFI Plan is the projected unit credit cost method. The measurement date for plan liabilities and assets is September 30. The following tables set forth the SFI Plan's funded status and amounts recognized in the consolidated financial statements at September 30, 2012:

		2012	2011
Change in benefit obligation:			
Benefit obligation at beginning of year	$	45,553	43,617
Service cost		—	1,453
Interest cost		2,375	2,439
Actuarial loss		12,385	2,622
Benefits paid		(1,220)	(600)
Curtailments		326	(3,978)
Benefit obligation at end of year	$	59,419	45,553
Change in plan assets:			
Fair value of plan assets at beginning of year	$	30,265	27,552
Actual return on plan assets		5,750	(212)
Employer contributions		2,740	3,525
Benefits paid		(1,220)	(600)
Fair value of plan assets at end of year	$	37,535	30,265
Reconciliation of funded status:			
Funded status	$	(21,884)	(15,288)
Net amount recognized at year-end	$	(21,884)	(15,288)
Amounts recognized in the accompanying consolidated balance sheets:			
Accrued benefit liability	$	(21,884)	(15,288)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to stockholder's equity:			
Net actuarial loss	$	26,564	(17,333)
Prior service cost		326	—
Net amounts recognized in the accompanying consolidated balance sheets	$	26,890	(17,333)

(Continued)

(In thousands)

	2012	2011
Weighted average assumptions:		
Discount rate:		
Benefit obligation	4.15%	5.25%
Net periodic benefit cost	5.25	5.80 / 6.05
Rate of compensation increase:		
Benefit obligation	N/A	4.50
Net periodic benefit cost	4.50	4.50
Expected return on plan assets	8.00	8.00
Components of net periodic benefit cost:		
Service cost	$ —	1,453
Interest cost	2,375	2,439
Expected return on plan assets	(2,828)	(2,631)
Amortization of transition asset	232	249
Amortization of prior service cost	—	—
Net periodic benefit cost	$ (221)	1,510

The accumulated benefit obligation for the SFI Plan was $59,419 and $45,553 at September 30, 2012 and 2011, respectively.

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

SFI expects to contribute $2,020 to the SFI Plan in 2013.

The benefits expected to be paid in each year 2013 through 2017 for the SFI Plan are approximately $769, $968, $1,131, $1,315, and $1,538, respectively. The aggregate benefits expected to be paid in the five years from 2018 through 2022 are approximately $10,942.

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

(Continued)

(In thousands)

The table below lists the target asset allocation and acceptable ranges and actual asset allocations for the SFI Plan as of September 30, 2012 and 2011:

Asset	Target allocation	Acceptable range	Actual allocation at September 30 2012	2011
Large cap equity	39%	34% to 44%	39.8%	37.3%
Small cap equity	6	2 to 10	5.4	5.5
International equity	20	15 to 25	18.1	20.0
Fixed income	35	30 to 40	34.1	35.5
Cash	—	—	2.5	1.7

The following table presents the SFI Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2012:

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments (excluding accrued interest of $25):				
Cash and cash equivalents	$ 935	935	—	—
Mutual funds – equities	2,043	2,043	—	—
Mutual funds – bonds	12,806	—	12,806	—
Foreign securities	6,804	6,804	—	—
Commingled funds	14,922	14,922	—	—
Total financial assets	$ 37,510	24,704	12,806	—

(Continued)

(In thousands)

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

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments (excluding accrued interest of $33):				
Cash and cash equivalents	$ 502	502	—	—
Mutual funds – equities	1,650	1,650	—	—
Mutual funds – bonds	10,744	—	10,744	—
Foreign securities	6,037	6,037	—	—
Commingled funds	11,299	11,299	—	—
Total financial assets	$ 30,232	19,488	10,744	—

The SFI Plan's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2012 and 2011.

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

	2012	2011	Redemption frequency	Days notice
Commingled funds	$ 14,922	11,299	Daily	2

In addition, SFI sponsors a retirement savings plan that includes a 401(k) feature. In conjunction with the change in the pension plan on March 5, 2011, OSF enhanced the retirement savings plan by increasing the match and adding an annual discretionary contribution. During 2010 and through March 4, 2011, participants could deposit an amount from 1% to 50% of their eligible compensation up to the IRS limit of $17. SFI may make matching contributions equal to a discretionary percentage of the participant's contributions. Effective March 5, 2011, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. SFI may make matching contributions equal to a discretionary percentage of the participant's contributions. SFI may also make annual discretionary contributions based on a participant's age and years of service. SFI contributed $4,919 in 2012 and $1,837 in 2011 to the retirement savings plan, which has been expensed as salaries and benefits expense. SFI also accrued for an anticipated discretionary contribution of $2,057 in 2012, which has been expensed as salaries and benefits expense (none in 2011).

(Continued)

(In thousands)

(15) Income Taxes

Income tax benefit consists of:

	2012		
	Current	Deferred	Total
U.S. federal	$ 149	473	622
State	61	(129)	(68)
	$ 210	344	554

	2011		
	Current	Deferred	Total
U.S. federal	$ (87)	150	63
State	(28)	(159)	(187)
	$ (115)	(9)	(124)

Income tax benefit attributable from revenues, gains, and other support over expenses was $554 and $(126) for the years ended September 30, 2012 and 2011, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax income as a result of the following:

	2012	2011
Computed "expected" tax (benefit) expense	$ (218)	78
(Decrease) increase in income taxes resulting from:		
State income taxes, net of federal income tax effect	(51)	14
Other nondeductible expenses and other	823	(218)
Income tax expense (benefit) from operations	554	(126)
Income tax expense from investment income	—	2
Total income tax expense (benefit)	$ 554	(124)

(Continued)

(In thousands)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at September 30, 2012 and 2011 are as follows:

	2012	2011
Deferred tax assets:		
Accounts receivable reserves	$ 472	549
Benefit accruals, including pension	13,459	9,090
Capital loss carryforward	3,746	3,746
Investments in joint ventures	(53)	(224)
Pledges and contributions	163	254
Net operating loss carryforward	57,854	43,869
Contribution carryover	760	567
Market valuation of derivatives	1,011	942
Accounting change – accelerated revenue recognition	164	247
Total gross deferred tax assets	77,576	59,040
Less valuation allowance	(60,429)	(46,246)
Net deferred tax assets	$ 17,147	12,794

OSF's 11 wholly owned physician group subsidiaries have elected to be taxed as "for-profit" corporations for nontax reasons. OSF's tax effects of temporary differences that give rise to significant portions of the deferred tax assets at September 30, 2012 and 2011 are primarily the result of net operating loss carryforwards (approximately $56,683 and $42,500 at September 30, 2012 and 2011, respectively, which expire at various dates through 2031) and are fully reserved at September 30, 2012 and 2011.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the corporation will realize the benefits of these deductible differences, net of the valuation allowance at September 30, 2012. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the realization period are reduced.

(16) Commitments and Contingencies

(a) Operating Leases

OSF occupies space in certain facilities under long-term noncancelable operating lease arrangements. Total equipment rental, asset lease, and facility rental expense in 2012 and 2011 were $47,652 and $44,490, respectively.

(Continued)

(In thousands)

The following is a schedule by year of future minimum lease payments to be made under operating leases as of September 30, 2012 that have initial or remaining lease terms in excess of one year:

	Amount
Year ending September 30:	
2013	$ 29,905
2014	24,600
2015	19,347
2016	15,031
2017	12,423
Thereafter	65,371

(b) Litigation

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

(c) Legal, Regulatory, and Other Contingencies and Commitments

The laws and regulations governing the Medicare, Medicaid, and other government healthcare programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for OSF and other healthcare organizations. Recently, the federal government has increased its enforcement activity, including audits and investigations related to billing practices, clinical documentation, and related matters. OSF maintains a compliance program designed to educate employees and to detect and correct possible violations.

(d) The Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (often referred to, collectively, as the Affordable Care Act of the healthcare reform law), was signed into law on March 23, 2010. The statute will change how healthcare services are delivered and reimbursed through a variety of mechanisms. The law contains stronger anti fraud enforcement provisions and provides additional funding for enforcement activity.

On May 6, 2011, CMS issued a final rule establishing a value-based purchasing program for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, incentive payments will be made based on achievement of or improvement in a set of clinical and quality measures designed to foster improved clinical outcomes. OSF continues to monitor the impact of this regulation as regulations become finalized.

(Continued)

(e) Tax exemption for sales tax and property tax

Effective June 14, 2012, the Governor of Illinois signed into law, *Public Act 97-0688*, which creates new standards for state sales tax and property tax exemptions in Illinois. The law establishes new standards for the issuance of charitable exemptions, including requirements for a nonprofit hospital to certify annually that in the prior year, it provided an amount of qualified services and activities to low-income and underserved individuals with a value at least equal to the hospital's estimated property tax liability. OSF will begin certifying in 2013 and has not recorded a liability for related property taxes greater than the amount recorded in fiscal year 2012 based upon management's current determination of qualified services provided.

(f) Investment Risk and Uncertainties

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

(17) Subsequent Events

OSF evaluated events and transactions through February 14, 2013, the date the consolidated financial statements were issued, noting no subsequent events requiring recording or disclosure, except as noted below, in the consolidated financial statements or related notes to the consolidated financial statements.

On January 16, 2013, OSF announced its plans to sell OSF Saint Clare Home. The ownership transfer was completed on February 1, 2013.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – OSF Healthcare System and Subsidiaries

September 30, 2012

(In thousands)

Assets		Total healthcare providers	Corporate office
Current:			
Cash and cash equivalents	$	30,597	66,142
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $149,952		449,084	—
Other		59,332	13,847
Total current assets		539,013	79,989
Investments		62,099	650,230
Assets limited as to use		—	202,836
Property and equipment, net		742,408	111,265
Restricted assets		41,285	—
Other assets		535,985	122,909
Total assets	$	1,920,790	1,167,229
Liabilities, Net Assets (Liabilities), and Stockholder's Equity			
Current liabilities:			
Current portion of long-term debt	$	12,184	7,869
Accounts payable and accrued expenses		144,111	23,835
Estimated third-party payor settlements		88,742	—
Total current liabilities		245,037	31,704
Long-term debt, net of current portion		78,234	832,598
Accrued benefit liability		—	414,264
Estimated self-insurance liabilities		1,586	138,325
Other liabilities		3,457	556,863
Total liabilities		328,314	1,973,754
Net assets (liabilities):			
Unrestricted:			
Unrestricted net assets of OSF		1,549,095	(806,525)
Noncontrolling interests in subsidiaries		2,096	—
Total unrestricted net assets		1,551,191	(806,525)
Temporarily restricted		28,106	—
Permanently restricted		13,179	—
Total net assets (liabilities)		1,592,476	(806,525)
Stockholder's equity		—	—
Total liabilities and net assets (liabilities)	$	1,920,790	1,167,229

See accompanying independent auditors' report.

Schedule 1

Eliminations	Total Obligated Group	OSF Saint Francis, Inc. and other Non Obligated Group Entities	Eliminations and reclass	Consolidated
(5,674)	91,065	14,189	14,840	120,094
—	449,084	20,215	—	469,299
(14,495)	58,684	27,660	(15)	86,329
(20,169)	598,833	62,064	14,825	675,722
—	712,329	—	—	712,329
—	202,836	—	—	202,836
—	853,673	82,534	—	936,207
—	41,285	7	—	41,292
(570,921)	87,973	15,844	(35,194)	68,623
(591,090)	2,496,929	160,449	(20,369)	2,637,009
(11,614)	8,439	2,066	—	10,505
(8,555)	159,391	38,277	14,825	212,493
—	88,742	570	—	89,312
(20,169)	256,572	40,913	14,825	312,310
(73,621)	837,211	48,928	—	886,139
—	414,264	21,884	—	436,148
—	139,911	—	—	139,911
(497,300)	63,020	10,847	—	73,867
(591,090)	1,710,978	122,572	14,825	1,848,375
—	742,570	—	1,985	744,555
—	2,096	—	691	2,787
—	744,666	—	2,676	747,342
—	28,106	—	7	28,113
—	13,179	—	—	13,179
—	785,951	—	2,683	788,634
—	—	37,877	(37,877)	—
(591,090)	2,496,929	160,449	(20,369)	2,637,009

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – Healthcare Providers

September 30, 2012

(In thousands)

Assets		Escanaba	Rockford	Pontiac	Bloomington
Current:					
Cash and cash equivalents	$	760	3,414	702	2,376
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $119,806		11,828	78,190	9,726	29,679
Other		5,648	11,845	3,769	4,955
Total current assets		18,236	93,449	14,197	37,010
Investments		343	7,402	361	2,830
Property and equipment, net		13,076	85,238	25,715	71,301
Restricted assets		1,283	5,815	1,168	121
Other assets		—	—	14,929	130,168
Total assets	$	32,938	191,904	56,370	241,430
Liabilities and Net Assets (Liabilities)					
Current liabilities:					
Current portion of long-term debt	$	1,290	7,025	—	310
Accounts payable and accrued expenses		6,619	28,647	5,823	14,375
Estimated third-party payor settlements		—	18,687	1,705	16,280
Total current liabilities		7,909	54,359	7,528	30,965
Long-term debt, net of current portion		50,798	3,786	—	548
Estimated self-insurance liabilities		—	—	—	—
Other liabilities		108	562	61	385
Total liabilities		58,815	58,707	7,589	31,898
Net assets (liabilities):					
Unrestricted:					
Unrestricted net assets of OSF		(27,159)	127,681	47,613	208,968
Noncontrolling interests in subsidiaries		—	(299)	—	442
Total unrestricted net assets		(27,159)	127,382	47,613	209,410
Temporarily restricted		492	2,119	286	119
Permanently restricted		790	3,696	882	3
Total net assets (liabilities)		(25,877)	133,197	48,781	209,532
Total liabilities and net assets (liabilities)	$	32,938	191,904	56,370	241,430

See accompanying independent auditors' report.

Schedule 2

Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Ottawa (Obligated Group)	Total
13,234	905	101	5,733	344	3,028	30,597
280,710	15,417	1,408	4,749	5,179	12,198	449,084
22,848	3,323	359	1,487	2,900	2,198	59,332
316,792	19,645	1,868	11,969	8,423	17,424	539,013
23,828	477	—	609	1,454	24,795	62,099
478,922	19,624	1,914	8,288	6,664	31,666	742,408
26,777	5,676	—	10	417	18	41,285
301,298	75,261	—	7,582	798	5,949	535,985
1,147,617	120,683	3,782	28,458	17,756	79,852	1,920,790
145	—	654	1,500	510	750	12,184
61,239	8,020	495	3,775	6,108	9,010	144,111
37,969	6,795	68	1,165	—	6,073	88,742
99,353	14,815	1,217	6,440	6,618	15,833	245,037
279	—	3,662	—	19,161	—	78,234
—	—	—	—	—	1,586	1,586
1,468	144	61	171	—	497	3,457
101,100	14,959	4,940	6,611	25,779	17,916	328,314
1,017,787	100,047	(1,158)	21,838	(8,440)	61,918	1,549,095
1,953	—	—	—	—	—	2,096
1,019,740	100,047	(1,158)	21,838	(8,440)	61,918	1,551,191
23,611	1,361	—	9	96	13	28,106
3,166	4,316	—	—	321	5	13,179
1,046,517	105,724	(1,158)	21,847	(8,023)	61,936	1,592,476
1,147,617	120,683	3,782	28,458	17,756	79,852	1,920,790

Schedule 3

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

September 30, 2012

(In thousands)

Assets	OSF Saint Francis, Inc.*	Ottawa (Non-Obligated Group)	Other subsidiaries**	Eliminations	OSF Saint Francis, Inc. and other Non Obligated Group Entities
Current:					
Cash and cash equivalents	$ 22,930	932	(9,673)	—	14,189
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $30,146	5,697	1,222	13,296	—	20,215
Other	27,465	359	3,781	(3,945)	27,660
Total current assets	56,092	2,513	7,404	(3,945)	62,064
Property and equipment, net	73,713	1,358	7,463	—	82,534
Restricted assets	—	7	—	—	7
Other assets	14,502	919	423	—	15,844
Total assets	$ 144,307	4,797	15,290	(3,945)	160,449
Liabilities and Stockholder's equity					
Current liabilities:					
Current portion of long-term debt	$ 2,026	—	40	—	2,066
Accounts payable and accrued expenses	26,084	1,247	14,891	(3,945)	38,277
Estimated third-party payor settlements	—	—	570	—	570
Total current liabilities	28,110	1,247	15,501	(3,945)	40,913
Long-term debt, net of current portion	48,928	—	—	—	48,928
Accrued benefit liability	21,884	—	—	—	21,884
Other liabilities	10,202	645	—	—	10,847
Total liabilities	109,124	1,892	15,501	(3,945)	122,572
Stockholder's equity	35,183	2,905	(211)	—	37,877
Total liabilities and stockholder's equity	$ 144,307	4,797	15,290	(3,945)	160,449

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

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

See accompanying independent auditors' report.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

	Total healthcare providers	Corporate office
Net patient and resident service revenue	$ 1,837,741	—
Provision for uncollectible accounts	(92,666)	—
Net patient service revenues, less provision for uncollectible accounts	1,745,075	—
Other revenues:		
Contributions	4,958	—
Other	55,050	139,402
Net assets released from restrictions used for operations	1,530	—
Total revenues	1,806,613	139,402
Expenses:		
Salaries and benefits	904,328	81,483
Sisters' evaluated services	197	1,291
Supplies and other expenses	688,383	51,921
Depreciation and amortization	76,847	13,811
Interest	3,801	60,938
Total expenses	1,673,556	209,444
Income (loss) before income tax expense	133,057	(70,042)
Income tax benefit	—	—
Income (loss) from operations	133,057	(70,042)
Nonoperating gains (losses):		
Investment income (loss)	28,451	34,303
Net settlement of derivative instruments	—	(7,671)
Change in fair value of investments	2,883	41,792
Loss on early extinguishment of debt	—	(11,341)
Change in fair value of derivative instruments	—	(4,017)
Contribution of excess assets over liabilities for Saint Elizabeth Medical Center	50,477	—
Total nonoperating gains (losses)	81,811	53,066
Net income (loss)	214,868	(16,976)
Other changes in unrestricted net assets:		
Net assets released from restrictions used for the purchase of property and equipment	27,586	—
Transfer (to) from affiliate	1,432	(40,854)
Transfer to Parent	—	(200)
Recognition of change in pension funded status	—	(130,781)
Minority interest	(2,823)	—
Change in unrestricted net assets	$ 241,063	(188,811)

See accompanying independent auditors' report.

Schedule 4

Eliminations	Total Obligated Group	OSF Saint Francis, Inc. and other Non Obligated Group Entities	Eliminations	Consolidated
(50,978)	1,786,763	129,265	—	1,916,028
—	(92,666)	(6,362)	—	(99,028)
(50,978)	1,694,097	122,903	—	1,817,000
—	4,958	27	—	4,985
(146,805)	47,647	115,875	(77,583)	85,939
—	1,530	6	—	1,536
(197,783)	1,748,232	238,811	(77,583)	1,909,460
(50,978)	934,833	114,514	—	1,049,347
—	1,488	—	—	1,488
(133,568)	606,736	173,971	(95,217)	685,490
(13,237)	77,421	7,458	—	84,879
(29,779)	34,960	1,579	—	36,539
(227,562)	1,655,438	297,522	(95,217)	1,857,743
29,779	92,794	(58,711)	17,634	51,717
—	—	554	—	554
29,779	92,794	(59,265)	17,634	51,163
(29,779)	32,975	77	—	33,052
—	(7,671)	—	—	(7,671)
—	44,675	—	—	44,675
—	(11,341)	—	—	(11,341)
—	(4,017)	(158)	—	(4,175)
—	50,477	2,953	—	53,430
(29,779)	105,098	2,872	—	107,970
—	197,892	(56,393)	17,634	159,133
—	27,586	—	—	27,586
—	(39,422)	58,122	(18,700)	—
—	(200)	—	—	(200)
—	(130,781)	(5,447)	5,447	(130,781)
—	(2,823)	(40)	—	(2,863)
—	52,252	(3,758)	4,381	52,875

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

	Escanaba	Rockford	Pontiac	Bloomington
Net patient and resident service revenue	$ 65,840	339,593	62,190	170,930
Provision for uncollectible accounts	(4,047)	(13,821)	(4,132)	(10,637)
Net patient service revenues, less provision for uncollectible accounts	61,793	325,772	58,058	160,293
Other revenues:				
Contributions	148	85	127	444
Other	3,163	10,924	2,315	11,543
Net assets released from restrictions used for operations	50	575	61	63
Total revenues	65,154	337,356	60,561	172,343
Expenses:				
Salaries and benefits	38,121	168,614	30,721	84,354
Sisters' evaluated services	—	65	—	—
Supplies and other expenses	30,348	146,410	28,863	57,561
Depreciation and amortization	2,244	13,668	3,627	8,762
Interest	2,050	634	—	25
Total expenses	72,763	329,391	63,211	150,702
Income (loss) from operations	(7,609)	7,965	(2,650)	21,641
Nonoperating gains:				
Investment income	9	135	973	5,969
Change in fair value of investments	—	1,102	8	286
Contribution of excess assets over liabilities for Saint Elizabeth Medical Center	—	—	—	—
Total nonoperating gains	9	1,237	981	6,255
Net income (loss)	(7,600)	9,202	(1,669)	27,896
Other changes in unrestricted net assets (liabilities):				
Net assets released from restrictions used for the purchase of property and equipment	—	440	65	938
Transfer (to) from affiliate	—	—	—	—
Net (distributions received) contributions made by noncontrolling shareholders	—	—	—	(635)
Change in unrestricted net assets (liabilities)	$ (7,600)	9,642	(1,604)	28,199

See accompanying independent auditors' report.

Schedule 5

Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Ottawa (Obligated Group)	Total
1,002,265	89,093	5,642	28,058	43,706	30,424	1,837,741
(47,733)	(7,031)	(160)	(2,190)	(295)	(2,620)	(92,666)
954,532	82,062	5,482	25,868	43,411	27,804	1,745,075
3,595	265	3	76	198	17	4,958
22,807	2,881	61	288	353	715	55,050
717	62	—	1	1	—	1,530
981,651	85,270	5,546	26,233	43,963	28,536	1,806,613
464,092	50,380	3,161	15,594	32,627	16,664	904,328
74	58	—	—	—	—	197
365,892	25,693	2,690	7,200	12,799	10,927	688,383
42,379	3,599	271	669	402	1,226	76,847
8	—	172	68	830	14	3,801
872,445	79,730	6,294	23,531	46,658	28,831	1,673,556
109,206	5,540	(748)	2,702	(2,695)	(295)	133,057
16,365	4,064	—	34	44	858	28,451
1,954	34	—	—	47	(548)	2,883
—	—	—	—	—	50,477	50,477
18,319	4,098	—	34	91	50,787	81,811
127,525	9,638	(748)	2,736	(2,604)	50,492	214,868
18,370	105	—	2,504	5,164	—	27,586
(10,002)	—	—	—	—	11,434	1,432
(2,188)	—	—	—	—	—	(2,823)
133,705	9,743	(748)	5,240	2,560	61,926	241,063

Schedule 6

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

	OSF Saint Francis, Inc.*	Ottawa (Non-Obligated Group)	Other subsidiaries**	Eliminations	OSF Saint Francis, Inc. and other Non Obligated Group Entities
Net patient revenue	$ 25,106	4,032	100,127	—	129,265
Provision for uncollectible accounts	(746)	(213)	(5,403)	—	(6,362)
Net patient service revenues, less provision for uncollectible accounts	24,360	3,819	94,724	—	122,903
Other revenues					
Contributions	—	27	—	—	27
Other	144,560	208	4,594	(33,487)	115,875
Net assets released from restrictions used for operations	—	6	—	—	6
Total revenues	168,920	4,060	99,318	(33,487)	238,811
Expenses					
Salaries and benefits	111,655	2,859	—	—	114,514
Supplies and other expenses	50,721	1,934	154,803	(33,487)	173,971
Depreciation and amortization	5,474	178	1,806	—	7,458
Interest	1,567	—	12	—	1,579
Total expenses	169,417	4,971	156,621	(33,487)	297,522
Loss before income tax benefit	(497)	(911)	(57,303)	—	(58,711)
Income tax (benefit) expense	(233)	—	787	—	554
Loss from operations	(264)	(911)	(58,090)	—	(59,265)
Nonoperating gains (losses):					
Investment income	15	4	58	—	77
Change in fair value of derivative instruments	(158)	—	—	—	(158)
Contribution of excess assets over liabilities for Saint Elizabeth Medical Center	—	2,953	—	—	2,953
Total nonoperating gains (losses)	(143)	2,957	58	—	2,872
Net gain (loss)	(407)	2,046	(58,032)	—	(56,393)
Other changes in stockholder's equity					
Transfer from affiliate	—	885	57,237	—	58,122
Recognition of change in pension funded status	(5,447)	—	—	—	(5,447)
Net (distributions received) contributions made by noncontrolling shareholders	—	(40)	—	—	(40)
Change in stockholder's equity	$ (5,854)	2,891	(795)	—	(3,758)

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

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

See accompanying independent auditors' report

Schedule 7

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

	Total healthcare providers	Corporate office	OSF Saint Francis, Inc. and other Non Obligated Group Entities	Eliminations	Consolidated
Unrestricted net assets (habilities):					
Net income (loss)	$ 214,868	(16,976)	(56,393)	17,634	159,133
Other changes in unrestricted net assets					
Net assets released from restrictions used for the purchase of property and equipment	27,586	—	—	—	27,586
Transfer (to) from affiliate	1,432	(40,854)	58,122	(18,700)	—
Transfer to Parent	—	(200)	—	—	(200)
Recognition of change in pension funded status	—	(130,781)	(5,447)	5,447	(130,781)
Net distributions received by noncontrolling shareholders	(2,823)	—	(40)	—	(2,863)
Change in unrestricted net assets (liabilities)	241,063	(188,811)	(3,758)	4,381	52,875
Temporarily restricted net assets:					
Contributions	7,673	—	15	—	7,688
Investment income	1,842	—	—	—	1,842
Net assets released from restrictions	(29,116)	—	(6)	—	(29,122)
Change in temporarily restricted net assets	(19,601)	—	9	—	(19,592)
Permanently restricted net assets:					
Contributions	1,343	—	5	—	1,348
Change in net assets (liabilities)	222,805	(188,811)	(3,744)	4,381	34,631
Net assets (liabilities), beginning of year	1,369,671	(617,714)	(43,770)	45,816	754,003
Net assets (liabilities), end of year	$ 1,592,476	(806,525)	(47,514)	50,197	788,634

See accompanying independent auditors' report

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Changes in Net Assets Information – Healthcare Providers

Year ended September 30, 2012

(In thousands)

	Escanaba	Rockford	Pontiac
Unrestricted net assets (liabilities):			
Net income (loss)	$ (7,600)	9,202	(1,669)
Other changes in unrestricted net assets:			
Net assets released from restrictions used for the purchase of property and equipment	—	440	65
Net (distributions received) contributions made by noncontrolling shareholders	—	—	—
Transfer (to) from affiliate	—	—	—
Change in unrestricted net assets (liabilities)	(7,600)	9,642	(1,604)
Temporarily restricted net assets:			
Contributions	91	893	157
Investment income (loss)	121	333	106
Net assets released from restrictions	(50)	(1,015)	(126)
Change in temporarily restricted net assets	162	211	137
Permanently restricted net assets:			
Contributions	—	652	1
Change in net assets (liabilities)	(7,438)	10,505	(1,466)
Net assets (liabilities), beginning of year	(18,439)	122,692	50,247
Net assets (liabilities), end of year	$ (25,877)	133,197	48,781

See accompanying independent auditors' report.

Schedule 8

Bloomington	Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Ottawa (Obligated Group)	Total
27,896	127,525	9,638	(748)	2,736	(2,604)	50,492	214,868
938	18,370	105	—	2,504	5,164	—	27,586
(635)	(2,188)	—	—	—	—	—	(2,823)
—	(10,002)	—	—	—	—	11,434	1,432
28,199	133,705	9,743	(748)	5,240	2,560	61,926	241,063
175	5,745	143	—	103	356	10	7,673
—	464	819	—	—	(1)	—	1,842
(1,001)	(19,087)	(167)	—	(2,505)	(5,165)	—	(29,116)
(826)	(12,878)	795	—	(2,402)	(4,810)	10	(19,601)
—	690	—	—	—	—	—	1,343
27,373	121,517	10,538	(748)	2,838	(2,250)	61,936	222,805
182,159	925,000	95,185	(410)	19,010	(5,773)	—	1,369,671
209,532	1,046,517	105,723	(1,158)	21,848	(8,023)	61,936	1,592,476

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

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

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

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

Enter filer's identifying number, see instructions

Type or print

File by the due date for filing your return See instructions

Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER	[X] 36-2604009
Number, street, and room or suite no If a P O box, see instructions: 1100 EAST NORRIS DRIVE	Social security number (SSN) [ ]
City, town or post office, state, and ZIP code For a foreign address, see instructions: OTTAWA, IL 61350	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

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

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

- The books are in the care of ▶ MS. LINNY SALIM
  Telephone No. ▶ 309 624-8935 FAX No. ▶ 309 655-3298
- If the organization does not have an office or place of business in the United States, check this box . . . . . ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . . . . . ▶ [ ] If it is for part of the group, check this box . . . . . ▶ [ ] and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 08/15, 20 13.

5 For calendar year _____, or other tax year beginning 05/01, 20 12, and ending 09/30, 20 12

6 If the tax year entered in line 5 is for less than 12 months, check reason [ ] Initial return [ ] Final return [ ] Change in accounting period

7 State in detail why you need the extension INFORMATION NECESSARY TO PREPARE A COMPLETE AND ACCURATE RETURN IS NOT YET AVAILABLE.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a	$ 0
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	$ 0
c	**Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions.	8c	$ 0

Signature and Verification must be completed for Part II only.

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

Signature ▶ Title ▶ Date ▶