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Form 990

Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization  
BLESSING HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address)1005 BROADWAY

Room/suite

City or town, state or country, and ZIP + 4  
QUINCY, IL 62301

F Name and address of principal officer

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.blessinghealthsystem.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1875

M State of legal domicile IL

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

Part II Signature Block

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

Sign Here

\*\*\*\*\*

Signature of officer

2013-08-08

Date

MAUREEN KAHN President

Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ STEPHEN C KOESTER CPA

Date

Check if self-employed ▶ ☐

Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Gray Hunter Stenn LLP  
500 Maine Street  
Quincy, IL 62301

EIN ▶  
Phone no ▶ (217) 222-0304

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

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

Blessing Hospital’s mission is to provide high quality, accessible health care showing compassion and respect to those we serve

2

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

YesNo

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?

YesNo

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code ) (Expenses \$ 220,518,423 including grants of \$ 1,467,722 ) (Revenue \$ 312,793,530 )

SINCE IT WAS FOUNDED IN 1875, Blessing Hospital HAS PROVIDED quality healthcare services to ALL patients regardless of race, sex, national origin, age or ability to pay In serving all members of its community, Blessing Hospital CONTINUES THIS TRADITION BY PROVIDING free/subsidized care, care to persons covered by governmental programs at less than full charges, and community health/education/wellness programs For fiscal year 2012, the cost of charity care provided was \$7,655,035 Medicare and Medicaid shortfalls were \$44,738,619 and \$12,958,543, respectively Blessing Hospital serviced 13,160 inpatients and 66,511 emergency department patients Outpatient services included 344,812 laboratory exams and 90,411 radiology procedures Blessing Hospital provided ADDITIONAL benefits of \$8,317,023 to the community DURING FISCAL YEAR 2012 as follows Health Professionals Education SIU Residency Program \$1,873,385 Blessing-Rieman College of Nursing \$1,300,024 NURSING EDUCATIONAL PreceptorS \$ 834,161 SCHOOL OF RADIOLOGIC TECHNOLOGY \$ 232,265 SCHOOL OF MEDICAL LABORATORY TECHNICIANS \$ 79,377 SUB Total Health Professionals education \$4,319,212Community Health Improvement Services COMMUNITY OUTREACH CLINIC \$ 718,182 SIU PATIENT CENTERED MEDICAL HOME \$ 199,751 Support Groups \$ 71,916 Health Screenings/Tests \$ 54,061 Educational Programs \$ 44,984 Patient Transportation \$ 29,818 CHARITY PHARMACY PRESCRIPTIONS \$ 18,927 Medical Supplies/Services for Patients \$ 12,120 MEDICAL INTERPRETING SERVICES \$ 2,428 SUB Total community health improvement serviceS \$1,152,187Subsidized Health Services Home Healthcare SERVICES \$ 941,723 CARE COORDINATION \$ 910,995 HOSPICE \$ 500,667 BLESSING FAST CARE \$ 246,561 SUB TOTAL SUBSIDIZED HEALTH SERVICES \$2,599,946In-Kind Contributions/Donations Donations/Sponsorships \$ 69,464 MEETING SPACE \$ 53,214 Arthritis Foundation \$ 11,220 Adams County Ambulance Service \$ 56,620 COMMUNITY OUTREACH CLINIC \$ 55,160 SUB Total in-kind contributions/donations \$ 245,678

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 \$ 220,518,423

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

Part IV

Checklist of Required Schedules (continued)

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

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		<b>Yes</b>	<b>No</b>			
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	<b>1a</b>	159			
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0			
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes			
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	<b>2a</b>	2,647			
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	Yes			
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>	Yes			
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	<b>4a</b>				No
<b>b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>				No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>				No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>				No
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	<b>6a</b>				No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>				No
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>					
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>				No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>				No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>				No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	0			
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>				No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>				No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>				No
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>				No
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>				No
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>					
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>				No
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>				No
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter					
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>				
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>				
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter					
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>				
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>				
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>				No
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>				
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>					
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	<b>13a</b>				No
<b>b</b>	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	<b>13b</b>				
<b>c</b>	Enter the aggregate amount of reserves on hand.	<b>13c</b>				
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>				No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>				No

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	14	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10	
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		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	IL
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	TIMOTHY MOORE BROADWAY AT 11TH PO BOX 7005 QUINCY,IL 62305 (217) 223-8400

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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) HARRY RUTH MD Trustee	1 00	X						0	0	0
(2) B BRADFORD BILLINGS Trustee	1 00	X						0	648,817	832,611
(3) CHRISTOPHER J NIEMANN Trustee	1 00	X						0	0	0
(4) MAUREEN A KAHN PRESIDENT/CEO	40 00	X		X				479,420	0	55,871
(5) JOHN BARBAGIOVANNI DO Trustee	1 00	X						42,410	0	0
(6) DENNIS GO MD Trustee	1 00	X						19,800	0	0
(7) THOMAS H MILLER MD ViceChr/TrustEE	1 00	X		X				0	0	0
(8) TIMOTHY KOONTZ CHAIR/trustee	1 00	X		X				0	0	0
(9) MICHAEL J FOSTER Trustee	1 00	X						0	0	0
(10) MICHAEL D KLINGNER Trustee	1 00	X						0	0	0
(11) NANCY BLUHM Trustee	1 00	X						0	0	0
(12) DAVID BOSTER Trustee	1 00	X						0	0	0
(13) MICHAEL HULSEN Trustee	1 00	X						0	0	0
(14) JEAN A DISSELER MD Trustee	1 00	X						3,075	0	0
(15) LYNN P HOUSE Trustee	1 00	X						0	0	0
(16) TIMOTHY A MOORE SECRETARY/CAO	40 00			X				222,989	0	72,119
(17) PATRICK M GERVELER Treasurer	1 00			X				0	381,432	50,588



Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (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			
(18) JILL MASON CNO	40 00				X			236,522	0	118,198
(19) CHRISTOPHER R SOLARO MD PHYSICIAN	40 00					X		529,099	0	17,001
(20) THOMAS A CLIATT DO PHYSICIAN	40 00					X		546,793	0	51,014
(21) JAMES B KASE MD PHYSICIAN	40 00					X		592,481	0	22,793
(22) SPENCER D SMITH MD PHYSICIAN	40 00					X		544,001	0	14,271
(23) STUART L PYATT DO PHYSICIAN	40 00					X		638,253	0	56,915
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								3,854,843	1,030,249	1,291,381

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

72

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

Section B. Independent Contractors

1

Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization 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
WEST CENTRAL PATHOLOGY SPECIALISTS SC 4000 CATAMARAN CT QUINCY, IL 62301	PATHOLOGY SERVICES	2,550,651
QUINCY ANESTHESIA ASSOCIATES PC BROADWAY AT 11TH QUINCY, IL 62301	ANESTHESIA SERVICES	8,678,251
MEDICAL REIMBURSEMENT OF AMERICA LLC 7105 MOORES LANE BRENTWOOD, TN 37027	COLLECTION SERVICES	1,676,282
ECLIPSYS CORPORATION PO BOX 8538-0133 PHILADELPHIA, PA 191710133	INFORMATION TECHNLOGY	2,324,456
ARAMARK HEALTHCARE FOOD 25271 NETWORK PL CHICAGO, IL 60673	FOOD SERVICES	3,333,815
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization		45

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues . . . . .	1b					
	c	Fundraising events . . . . .	1c					
	d	Related organizations . . . .	1d	459,484				
	e	Government grants (contributions)	1e	2,915,607				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,004,845				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f . . . . .		5,379,936				
Program Service Revenue			Business Code					
	2a	PHYSICAL THERAPY	621400	172,901	172,901			
	b	PATIENT REVENUE	621110	749,980,653	749,980,653			
	c	LESS CHARITY CARE	621110	-29,096,717	-29,096,717			
	d	COLLEGE OF NURSING	611600	3,152,464			3,152,464	
	e	ACCESS HEALTH ADAMS CNTY	621400	248,586	248,586			
	f	All other program service revenue		-429,982,222	-429,982,222			
	g	Total. Add lines 2a-2f . . . . .		294,475,665				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		3,517,086			3,517,086	
	4	Income from investment of tax-exempt bond proceeds . . .		0				
	5	Royalties . . . . .		0				
	6a	Gross rents	(i) Real	(ii) Personal				
			1,049,631					
			1,049,631					
	d	Net rental income or (loss) . . . . .		1,049,631			1,049,631	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			80,040,092					
			80,357,302					
			-317,210					
	d	Net gain or (loss) . . . . .		-317,210	-317,210			
	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	2,171,701				
	b	Less cost of goods sold . . . . .	b	775,576				
	c	Net income or (loss) from sales of inventory . . .		1,396,125		1,396,125		
Miscellaneous Revenue		Business Code						
11a	SALE OF FOOD	722210	1,364,876			1,364,876		
b	OTHER	900099	3,173,757			3,173,757		
c	CHILD CARE CENTER	624410	1,390,113			1,390,113		
d	All other revenue . . . . .		1,363,551			1,363,551		
e	Total. Add lines 11a-11d . . . . .		7,292,297					
12	Total revenue. See Instructions . . . . .		312,793,530	291,005,991	1,396,125	15,011,478		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns  
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)  
Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,166,198	1,166,198		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	301,524	301,524		
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	1,272,891	1,036,094	236,797	
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	101,396,541	82,533,654	18,862,887	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	10,173,343	8,280,787	1,892,556	
9	Other employee benefits	19,662,382	16,004,572	3,657,810	
10	Payroll taxes	6,536,985	5,320,904	1,216,081	
11	Fees for services (non-employees)				
a	Management	6,140,051		6,140,051	
b	Legal	231,160		231,160	
c	Accounting	115,923	13,808	102,115	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	439,865		439,865	
g	Other	25,074,142	20,998,410	4,075,732	
12	Advertising and promotion	409,181	409,181		
13	Office expenses	0			
14	Information technology	0			
15	Royalties	0			
16	Occupancy	3,472,648	1,677,491	1,795,157	
17	Travel	709,728	341,633	368,095	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	233,879	99,038	134,841	
20	Interest	2,770,041	2,254,728	515,313	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	13,638,998	7,670,572	5,968,426	
23	Insurance	1,302,995	774,956	528,039	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	EQUIP RENTAL AND MAINTENAN	4,867,872	3,508,563	1,359,309	
b	SOFTWARE	6,798,079	4,101,641	2,696,438	
c	BAD DEBT EXPENSE	22,207,322	22,207,322		
d	SUPPLIES	39,692,007	38,251,180	1,440,827	
e					
f	All other expenses	10,054,524	3,566,167	6,488,357	
25	Total functional expenses. Add lines 1 through 24f	278,668,279	220,518,423	58,149,856	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			49,924,693	1	67,929,743
	2	Savings and temporary cash investments . . . . .				2	0
	3	Pledges and grants receivable, net . . . . .				3	0
	4	Accounts receivable, net . . . . .			65,377,263	4	62,136,085
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .				6	0
	7	Notes and loans receivable, net . . . . .				7	0
	8	Inventories for sale or use . . . . .			5,660,877	8	6,374,352
	9	Prepaid expenses and deferred charges . . . . .			3,598,118	9	3,411,772
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	298,742,990			
	b	Less: accumulated depreciation . . . . .	10b	190,274,218	102,570,879	10c	108,468,772
	11	Investments—publicly traded securities . . . . .			71,308,196	11	76,523,855
	12	Investments—other securities. See Part IV, line 11 . . . . .			14,788,632	12	23,584,606
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	0
	14	Intangible assets . . . . .				14	0
	15	Other assets. See Part IV, line 11 . . . . .			14,915,735	15	14,716,401
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			328,144,393	16	363,145,586	
Liabilities	17	Accounts payable and accrued expenses . . . . .			27,814,534	17	33,553,609
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			69,813,579	20	69,411,735
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .			11,134,183	23	11,122,232
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .			85,712,251	25	100,528,199
	26	Total liabilities. Add lines 17 through 25 . . . . .			194,474,547	26	214,615,775
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			130,805,632	27	143,819,887
	28	Temporarily restricted net assets . . . . .			2,660,412	28	3,012,651
	29	Permanently restricted net assets . . . . .			203,802	29	1,697,273
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			133,669,846	33	148,529,811
	34	Total liabilities and net assets/fund balances . . . . .			328,144,393	34	363,145,586

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	312,793,530
2	Total expenses (must equal Part IX, column (A), line 25)	2	278,668,279
3	Revenue less expenses Subtract line 2 from line 1	3	34,125,251
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	133,669,846
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-19,265,286
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	148,529,811

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income (Explain in Part IV ) Do not include gain or loss from the sale of capital assets						
11	<b>Total support</b> (Add lines 7 through 10)						
12	Gross receipts from related activities, etc (See instructions )					12	
13	<b>First Five Years</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b>						

Section C. Computation of Public Support Percentage		
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15
16a	<b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization	
b	<b>33 1/3% support test—2010.</b> If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization	
17a	<b>10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	
b	<b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	
18	<b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	

Part IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b>						

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

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		



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

Facts And Circumstances Test

Explanation

SCHEDULE 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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b  
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area  
☐ Protection of natural habitat☐ Preservation of a certified historic structure  
☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

Number of states where property subject to conservation easement is located ► \_\_\_\_\_

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

► \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

► \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

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

a

☐

Public exhibition

b

☐

Scholarly research

c

☐

Preservation for future generations

d

☐

Loan or exchange programs

e

☐

Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance . . . . .	560,920	568,392	555,077		
b Contributions . . . . .					
c Investment earnings or losses . . . . .	1,223,773	-5,502	14,824		
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	60,036	1,970	1,509		
f Administrative expenses . . . . .					
g End of year balance . . . . .	1,724,657	560,920	568,392		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 92 010 %

c

Term endowment ▶ 7 990 %

3a

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

(i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

Yes

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		12,613,855		12,613,855
b Buildings . . . . .		137,428,518	56,076,390	81,352,128
c Leasehold improvements . . . . .		6,408,795	4,477,859	1,930,936
d Equipment . . . . .				
e Other . . . . .		142,291,822	129,719,969	12,571,853
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				108,468,772

Schedule D (Form 990) 2011



Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1312,793,530
2	Total expenses (Form 990, Part IX, column (A), line 25)	2278,668,279
3	Excess or (deficit) for the year Subtract line 2 from line 1	334,125,251
4	Net unrealized gains (losses) on investments	46,695,578
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-26,012,637
9	Total adjustments (net) Add lines 4 - 8	9-19,317,059
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	1014,808,192

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements . . . . .	1289,076,737
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments . . . . .2a	
b	Donated services and use of facilities . . . . .2b	
c	Recoveries of prior year grants . . . . .2c	
d	Other (Describe in Part XIV) . . . . .2d-21,528,139	
e	Add lines 2a through 2d . . . . .2e	-21,528,139
3	Subtract line 2e from line 1 . . . . .3	310,604,876
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 . . . . .4a439,865	
b	Other (Describe in Part XIV) . . . . .4b1,748,789	
c	Add lines 4a and 4b . . . . .4c	2,188,654
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .5	312,793,530

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements . . . . .	1257,748,969
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities . . . . .2a	
b	Prior year adjustments . . . . .2b	
c	Other losses . . . . .2c	
d	Other (Describe in Part XIV) . . . . .2d1,727,877	
e	Add lines 2a through 2d . . . . .2e	1,727,877
3	Subtract line 2e from line 1 . . . . .3	256,021,092
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 . . . . .4a439,865	
b	Other (Describe in Part XIV) . . . . .4b22,207,322	
c	Add lines 4a and 4b . . . . .4c	22,647,187
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .5	278,668,279

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part XIII, Line 4b	Part XIII, Line 4b Other revenue amounts included on 990 but not included in F/S	BAD DEBT REDUCTION OF REVENUE ON F/S \$22207322
Part XIII, Line 2d	Part XIII, Line 2d Other expenses and losses per audited F/S	LIABILITY CLAIMS RPTD ON SEPARATE 990 \$952301 COGS INCLUDED IN EXPENSES ON F/S \$775576
Part XII, Line 4b	Part XII, Line 4b Other revenue amounts included on 990 but not included in F/S	COGS INCLUDED IN EXPENSES ON F/S \$-775576 TEMPORARILY RESTRICTED CONTRIBUTIONS \$2464329 PERMANENTLY RESRTICTED CONTRIBUTIONS \$60036
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	FAS 158 INCREASE IN MINIMUM PENSION LIABILITY \$ - 12769907 TRANSFERS TO AFFILIATES \$ -12290957 TRANSFERS TO SITF \$ -900000
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	ENDOWMENT FUNDS ARE TO BE USED FOR THE GENERAL SUPPORT AND OPERATIONS OF BLESSING HOSPITAL

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

**Name of the organization**  
BLESSING HOSPITAL

**Employer identification number**  
37-0661183

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," is it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input type="checkbox"/> 200%<input checked="" type="checkbox"/> Other <u>250.000000000 %</u></div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input checked="" type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"? . . . . .	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1) . . . . .			7,655,035		7,655,035	2 970 %
b Medicaid (from Worksheet 3, column a) . . . . .			35,838,259	22,879,716	12,958,543	5 040 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			43,493,294	22,879,716	20,613,578	8 010 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,152,187	7,621	1,144,566	0 440 %
f Health professions education (from Worksheet 5) . . . . .			4,319,212		4,319,212	1 680 %
g Subsidized health services (from Worksheet 6) . . . . .			12,029,361	9,429,415	2,599,946	1 010 %
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			245,678		245,678	0 100 %
j <b>Total</b> Other Benefits . . . . .			17,746,438	9,437,036	8,309,402	3 230 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			61,239,732	32,316,752	28,922,980	11 240 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building			74,370		74,370	0.030 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			74,370		74,370	0.030 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense	26,986,424	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3326,266	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	588,467,011	
6	Enter Medicare allowable costs of care relating to payments on line 5	6101,499,942	
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7-13,032,931	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9aYes	
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	No

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1LINCOLN LAND HEALTH EXCHNGE	INFORMATION EXCHANGE	27.000 %		
2ADVANCE LLC	PHYSICAL THERAPY SERVICES	17.000 %		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

## Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 2

## Name and address

[illegible]



Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

BLESSING HOSPITAL AT 14TH ST

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>250 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	14		No
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input checked="" type="checkbox"/> Lawsuits c <input checked="" type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input checked="" type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input checked="" type="checkbox"/> Lawsuits c <input checked="" type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input checked="" type="checkbox"/> Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input checked="" type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI	21	No

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

BLESSING HOSPITAL AT 11TH ST

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>250 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care a <input checked="" type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged b <input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged d <input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 9

Name and address		Type of Facility (Describe)
1	EAST ADAMS COUNTY RURAL HEALTH CLINIC 102 PRAIRIE MILLS ROAD GOLDEN, IL 62339	RURAL HEALTH CLINIC
2	DENMAN COUNTRY DRUGS 102 PRAIRIE MILLS ROAD GOLDEN, IL 62339	PHARMACY WITHIN RURAL HEALTH CLINIC
3	BLESSING HOSPICE - PIKE COUNTY 967 WEST WASHINGTON PITTSFIELD, IL 62363	FULL HOSPICE PROGRAM IN ILLINOIS
4	BLESSING HOSPICE - HANCOCK COUNTY 71 SOUTH ADAMS CARTHAGE, IL 62321	FULL HOSPICE PROGRAM IN ILLINOIS
5	BLESSING HOSPICE - GREENE COUNTY 330 5TH STREET CARROLTON, IL 62016	FULL HOSPICE PROGRAM IN ILLINOIS
6	BLESSING HOSPICE & PALLIATIVE CARE BROADWAY AT 14TH STREET QUINCY, IL 62301	FULL HOSPICE PROGRAM IN ILLINOIS
7	BLESSING HOME CARE - PALMYRA 6996 COUNTY ROAD 326 PALMYRA, MO 63461	HOME HEALTH AGENCY IN MISSOURI
8	BLESSING HOME CARE BROADWAY AT 14TH STREET QUINCY, IL 62301	HOME HEALTH AGENCY IN ILLINOIS
9	BLESSING AMBULATORY SURGERY CENTER 1118 HAMPSHIRE STREET QUINCY, IL 62301	AMBULATORY SURGICAL TREATMENT CENTER
10		

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	BLESSING HOSPITAL'S COMMUNITY BENEFIT REPORT IS PRESENTED TO THE COMMUNITY AS A SUPPLEMENT IN THE QUINCY HERALD-WHIG ONCE A YEAR IT IS ALSO PLACED IN LITERATURE RACKS AROUND THE HOSPITAL CAMPUS ILLINOIS IS THE ONLY STATE IN WHICH THE COMMUNITY BENEFIT REPORT IS PUBLISHED



Identifier	ReturnReference	Explanation
	Part V - Explanation of Number of Facility Type	BLESSING HOSPITAL OPERATES NO FACILITIES OTHER THAN THE LOCATIONS LISTED IN PART V

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	IL

Identifier	ReturnReference	Explanation
	Part VI - Affiliated Health Care System Roles and Promotion	<p>Blessing Corporate Services, Inc. is the parent organization of a group of related organizations and provides overall direction to all entities within the structure. During the year ended September 30, 2005, Blessing Corporate Services, Inc. began operating a division comprised of practicing physicians. The Group is related through Board control. The following is a brief description of each member of the Group:</p> <p>Organization - Blessing Hospital (Hospital), located in Quincy, Illinois, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of Western Illinois and Northeastern Missouri. The Hospital was incorporated in Illinois in 1875.</p> <p>Organization - The Blessing Foundation, Inc. serves Blessing Corporate Services and its affiliated entities by providing financial support for services and programs promoting the improvement and availability of healthcare services within the general community.</p> <p>Organization - Denman Services, Inc. (a taxable corporation) engages primarily in the business of selling and renting medical equipment and operating a commercial laundry. Denman Services, Inc. is a wholly owned subsidiary of Blessing Corporate Services, Inc.</p> <p>Organization - BlessingCare Corporation dba Illini Community Hospital and Subsidiary, located in Pittsfield, Illinois, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of Western Illinois. The Hospital was incorporated on January 20, 2000. For financial reporting purposes, the Hospital's financial information is consolidated with West Central Illinois Therapy &amp; Sports Medicine, LLC. The Hospital has a 51% partnership interest in West Central Illinois Therapy &amp; Sports Medicine, LLC, and the outside investor's 49% interest in the partnership is included as a minority interest.</p> <p>Organization - Illini Health Services, LLC conducts a pharmacy business in Pittsfield, Illinois. The Pharmacy is owned ninety-five percent (95%) by Denman Services, Inc. and five percent (5%) by BlessingCare Corporation dba Illini Community Hospital.</p>

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	Blessing Hospital offers a wide range of specialty services important to promoting the health and well-being of Adams County and the surrounding area. Included in these are the Cancer Center, the Heart and Vascular Center, the Breast Center, psychiatric services, and Hospice and Home Care programs. Surplus funds generated from these operations, as well as the operations of all other Blessing Hospital Services, are used to fund capital expenditures and the expansion of health care service lines to the community we serve. Blessing Hospital operates an emergency room available to all regardless of the ability to pay. The financial assistance policy of Blessing Hospital enables patients to have access to area resources to assist them with payment of medical expenses. Blessing Hospital operates the Blessing-Rieman College of Nursing, which offers a Bachelor of Science in Nursing degree and a Master of Science in Nursing degree, along with other programs. The college has a 100 year history in the community and is currently accredited by the Higher Learning Commission. Blessing Hospital is the largest employer in the area with 2,647 employees. Of significant importance is the volunteers that serve the Hospital. In Fiscal Year 2012, Blessing Hospital had 929 active volunteers who served for a total of 82,889 hours. In addition to the volunteers actively working in the hospital, Blessing's Board of Trustees is comprised of volunteers that include business leaders, physicians, and other community leaders.

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	Access health adams county WAS ABSORBED INTO THE BLESSING HEALTH SYSTEM ORGANIZATION IN ORDER TO CONTINUE BLESSING'S SUPPORT IN making healthcare available to indigent members of the population IT serveS

Identifier	ReturnReference	Explanation
	Part VI - Community Information	<p>For 137 years, Blessing Hospital has served the health care needs of the people of west central Illinois, northeast Missouri and southeast Iowa. Approximately 245,000 people live within a 50 mile radius of Blessing Hospital. The Hospital's primary market area covers six counties-four in west central Illinois (Adams, Brown, Hancock and Pike) and two in northeast Missouri (Marion and Lewis). The region's economy is heavily agricultural, with a mix of approximately 100 manufacturers in addition to commercial/retail business making up the rest of the local economy. Blessing Hospital is the largest employer in its region. Quincy, ILLINOIS - the city in which the main Blessing Hospital campus is located - is the hub of non-farm employment and retail trade in the market area. THE PERCENTAGE OF TOTAL POPULATION IN POVERTY IN BLESSING'S PRIMARY MARKET AREA COUNTIES ARE: PIKE, IL - 16.1%, ADAMS, IL - 15.9%, BROWN, IL - 15.3%, AND HANCOCK, IL - 12.1%. IN MISSOURI, LEWIS - 16.7% AND MARION - 15.6%. ACROSS THE SIX COUNTIES IN BLESSING'S PRIMARY MARKET AREA, THE AVERAGE ADULT OBESITY IS FIVE PERCENT HIGHER THAN THE NATIONAL AVERAGE. THE AVERAGE PERCENTAGE OF CHILDREN LIVING IN POVERTY IS MORE THAN SEVEN PERCENT HIGHER THAN THE NATIONAL AVERAGE, AND THE AVERAGE PERCENTAGE OF PEOPLE 65 YEARS AND OLDER IS MORE THAN FOUR PERCENT HIGHER THAN THE ILLINOIS AVERAGE AND MORE THAN THREE PERCENT HIGHER THAN THE MISSOURI AVERAGE.</p>

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	All Blessing Hospital self-pay inpatients are contacted by a Financial Account Specialist (FAS) within 24 hours of admission. The patient is screened for government programs or eligibility for participation in our Community Outreach Clinic or Access Health Adams County. Outpatients are contacted once the patient's condition has been stabilized and are screened in the same manner as inpatients. If a FAS is not available to meet with a patient at an appropriate time, the patient is given contact information and asked to call if assistance is needed.

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	Blessing Hospital HAS workED in partnership with the community public health department, the local United Way agency and other area agencies in conducting a needs assessment AS OF THE DATE OF FILING, THE HOSPITAL IS ENGAGED IN VARIOUS TEAMS WORKING TO ADDRESS THE KEY DRIVERS OF THE COMMUNITY'S HEALTH CARE NEEDS THE COMMUNITY HEALTH NEEDS ASSESSMENT WILL BE COMPLETED DURING TAX YEAR 2012 AS REQUIRED BY THE AFFORDABLE CARE ACT



Identifier	ReturnReference	Explanation
Number of Hospital Facility - 2	Part V, Line 16e - Other Collection Actions by Facility or Third Party Engaged	WAGE DEDUCTION ORDER, COLLECTION AGENCY, COURT ORDERED PAYMENT AGREEMENT, ASSET LIEN

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 1	Part V, Line 16e - Other Collection Actions by Facility or Third Party Engaged	WAGE DEDUCTION ORDER, COLLECTION AGENCY, COURT ORDERED PAYMENT AGREEMENT, ASSET LIEN

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 2	Part V, Line 15e - Other Collection Actions Against a Patient	WAGE DEDUCTION ORDER, COLLECTION AGENCY, COURT ORDERED PAYMENT AGREEMENT, ASSET LIEN

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 1	Part V, Line 15e - Other Collection Actions Against a Patient	WAGE DEDUCTION ORDER, COLLECTION AGENCY, COURT ORDERED PAYMENT AGREEMENT, ASSET LIEN

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 2	Part V, Line 13g - Other Means Hospital Facility Publicized the Policy	THE BILLING INVOICE INCLUDES A STATEMENT INDICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE AND WHO TO CONTACT IN THE ORGANIZATION

Identifier	ReturnReference	Explanation
Number of Hospital Faciltiy - 1	Part V, Line 13g - Other Means Hospital Facility Publicized the Policy	THE BILLING INVOICE INCLUDES A STATEMENT INDICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE AND WHO TO CONTACT IN THE ORGANIZATION

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	Collection practices are not pursued if a completed financial assistance application has been returned

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	The hospital uses a cost-to-charge ratio to calculate cost amounts. This ratio is computed using Blessing Hospital's as-filed Medicare cost report. These costs and charges are adjusted to account for items not reimbursed through the cost report such as provider-based physician services. IRS Revenue Ruling 69-545, which established the community benefit standard for nonprofit hospital's states that if a hospital serves patients with government health benefits, including Medicare, then this is an indication that the hospital operates to promote the health of the community. This implies that treating medicare patients is a community benefit.



Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	<p>The hospital uses a cost-to-charge ratio to calculate cost amounts. This ratio is computed using Blessing Hospital's as-filed Medicare cost report. These costs and charges are adjusted to account for items not reimbursed through the cost report. Bad debt expense is calculated on the net patient account balance after the balance has been reduced for any payments received or discounts/adjustments that are known. Patients qualifying for financial assistance are recognized as charity care accounts when sufficient information is received to determine their eligibility. Prior to this point, an allowance for doubtful accounts is calculated on uninsured accounts. This allowance is reversed if the account is determined to qualify for financial assistance. A number of patients are truly unable to pay for their medical expenditures but do not complete the process required to apply for financial assistance. These patients would qualify for charity care if they completed the paperwork, so the bad debt expense associated with treating them should be treated as community benefit.</p> <p><b>FINANCIAL STATEMENT NOTE</b> Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful 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, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the Hospital records a significant 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Hospital's self-pay write-offs increased from \$20,662,094 for the year ended September 30, 2011 to \$24,890,084 for the year ended September 30, 2012. This increase is the result of negative trends experienced in the collection of amounts due from patients. The Hospital has not changed its charity care or uninsured discount policies during the years ended September 30, 2012 and 2011. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors nor did it have significant bad debt write-offs from third-party payors.</p>

Identifier	ReturnReference	Explanation
	Part I, Line 7g - Costs Associated With Physicans Clinics	BLESSING HOSPITAL DOES NOT INCLUDE AS SUBSIDIZED HEALTH SERVICES ANY COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC

Identifier	ReturnReference	Explanation
	Part I, Line 7, Column F - Explanation of Bad Debt Expense	BAD DEBT EXPENSE OF \$22,207,322 IS SUBTRACTED FROM TOTAL EXPENSES OF \$ 279,443,855 REPORTED ON LINE 25, COLUMN A OF FORM 990, PART IX, FOR A NET TOTAL EXPENSE OF \$ 257,236,533

Identifier	ReturnReference	Explanation
	Part I, Line 7 - Explanation of Costing Methodology	WHEN POSSIBLE, CALCULATIONS OF DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE SERVICES PROVIDED ARE REPORTED IF NOT AVAILABLE, A COST-TO-CHARGE RATIO IS USED TO CALCULATE THE COST AMOUNTS THIS RATIO IS COMPUTED USING BLESSING HOSPITAL'S AS-FILED MEDICARE COST REPORT THESE COSTS AND CHARGES ARE ADJUSTED TO ACCOUNT FOR ITEMS NOT REIMBURSED THROUGH THE COST REPORT SUCH AS PROVIDER-BASED PHYSICIAN SERVICES

Identifier	ReturnReference	Explanation
	Part I, Line 6a - Related Organization Community Benefit Report	BLESSING HOSPITAL'S COMMUNITY BENEFIT REPORT IS PREPARED BY BLESSING HOSPITAL, NOT A RELATED ORGANIZATION

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SIU SCHOOL OF MEDICINEPO BOX 19607 327 W CALHOUN STREET SPRINGFIELD,IL 62794	37-6005961		1,166,198	0	BOOK		Medical education & research programs at S IL university

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . .

1

3

Enter total number of other organizations listed in the line 1 table . . . . .

0

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) GRANTS TO STUDENTS AT BLESSING-RIEMAN COLLEGE OF NURSING	135	301,524		BOOK	

Part IV

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

Identifier	Return Reference	Explanation
Additional Supplemental Information		PART I, LINE 2SIU SCHOOL OF MEDICINESIU PROVIDES THE HOSPITAL BOARD OF TRUSTEES WITH AN ANNUAL UPDATE REGARDING THEIR USE OF THE GRANT FUNDS PROVIDED TO THEIR PROGRAM Blessing-Rieman College of NursingBlessing-Rieman College of Nursing requires a financial aid application upon admittance, has academic performance and financial need criteria, and has a selection committee that awards grants The College monitors and reviews the recipients individually on a semester basis for satisfactory academic progress and good standing

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

Part I

Questions Regarding Compensation

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



**Part II** **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) TIMOTHY A MOORE	(i) (ii)	146,599	47,664	28,726	58,588	13,531	295,108	
(2) THOMAS A CLIATT DO	(i) (ii)	339,638	182,484	24,671	33,716	17,298	597,807	
(3) STUART L PYATT DO	(i) (ii)	337,014	281,128	20,111	39,617	17,298	695,168	
(4) SPENCER D SMITH MD	(i) (ii)	370,362	171,083	2,556	740	13,531	558,272	
(5) PATRICK M GERVELER	(i) (ii)	257,012	89,042	35,378	37,057	13,531	432,020	
(6) MAUREEN A KAHN	(i) (ii)	330,944	124,695	23,781	42,837	13,034	535,291	
(7) JILL MASON	(i) (ii)	183,378	45,990	7,154	111,339	6,859	354,720	
(8) JAMES B KASE MD	(i) (ii)	548,575	32,328	11,578	5,495	17,298	615,274	
(9) CHRISTOPHER R SOLARO MD	(i) (ii)	439,603	87,051	2,445	3,470	13,531	546,100	
(10) B BRADFORD BILLINGS	(i) (ii)	435,636	170,211	42,970	819,577	13,034	1,481,428	98,582

**Part III**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF QUINCY ADAMS CNTY	37-6000378		08-01-2012	30,000,000	SCHEDULE O		X		X		X
B CITY OF QUINCY ADAMS CNTY	37-6000378		08-01-2012	32,785,000	SCHEDULE O		X		X		X
C CITY OF QUINCY ADAMS CNTY	37-6000378	748476BN7	05-03-2007	48,850,181	SCHEDULE O		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired			13,175,000	
2	Amount of bonds defeased				
3	Total proceeds of issue	2,845,000	32,785,000	48,853,595	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	164,582	164,582	570,296	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	2,676,914			
11	Other spent proceeds		32,597,792	48,853,595	
12	Other unspent proceeds	3,504	22,626		
13	Year of substantial completion	2012		2009	
		Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X	
15	Were the bonds issued as part of an advance refunding issue?		X	X	
16	Has the final allocation of proceeds been made?		X	X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X	X	X	

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government					2 900 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5					2 900 %			
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L  
(Form 990 or 990-EZ)

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

OMB No 1545-0047  
**2011**  
Open to Public Inspection

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

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

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
(1) SPENCER D SMITH MD RECRUITMENT		X	50,000	30,000		No	Yes		Yes	
Total . . . . . ▶ \$				30,000						

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

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

**Part IV**

**Business Transactions Involving Interested Persons.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

**Part V**

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization BLESSING HOSPITAL	Employer identification number 37-0661183
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Identifier	Return Reference	Explanation
	SCHEDULE K, PART II, LINE 12 - OTHER UNSPENT PROCEEDS	OTHER UNSPENT PROCEEDS ARE IN THE BOND EXPENSE FUND UNSPENT PROCEEDS WILL BE MOVED TO THE INTEREST FUND BEFORE AUGUST 23, 2013

Identifier	Return Reference	Explanation
	SCHEDULE K, PART I, (f) DESC OF PURPOSE	A - USED TO (i) CURRENTLY REFUND ALL OF THE OUTSTANDING CITY OF QUINCY, ADAMS COUNTY, ILLINOIS REVENUE BONDS, SERIES 1993 (BLESSING HOSPITAL)(THE "SERIES 1993 BONDS"), (ii) ADVANCE REFUND ALL OF THE OUTSTANDING ILLINOIS HEALTH FACILITIES AUTHORITY REVENUE BONDS, SERIES 1999A (BLESSING HOSPITAL)(THE "SERIES 1999A BONDS") AND (iii) PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2007 BONDS AND THE REFUNDING OF THE SERIES 1993 BONDS AND THE SERIES 1999A BONDS B - USED TO (i) REFUND THE OUTSTANDING VARIABLE RATE DEMAND REVENUE REFUNDING BONDS, SERIES 2008 (BLESSING HOSPITAL)(THE "SERIES 2008 BONDS")AND(ii) REFUND THE OUTSTANDING ADJUSTABLE RATE DEMAND REVENUE BONDS, SERIES 2004 (BLESSING HOSPITAL PROJECT)(THE "SERIES 2004 BONDS") C - TO REIMBURSE FOR THE COSTS OF THE PROJECT AND TO PAY CERTAIN COSTS OF ISSUANCE OF THE SERIES 2012B BONDS THE PROJECT CONSISTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF AN APPROXIMATELY 172,755 SQUARE FOOT PATIENT CARE ADDITION LOCATED ON THE MAIN CAMPUS AT BROADWAY AND 11TH STREETS IN QUINCY, ILLINOIS



Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	These forms are located in the corporate administrative offices and are available upon request for public inspection

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	TIMOTHY A MOORE - CAO AND secretary of blessing hospital - No compensation IS RECEIVED FOR POSITION as Secretary OF BLESSING HOSPITAL ON A BIANNUAL BASIS, COMPARABLE COMPENSATION DATA THROUGH A THIRD PARTY (SULLIVAN-COTTER) IS USED TO ESTABLISH MARKET RANGE INFORMATION IS SUBMITTED TO THE BLESSING CORPORATE SERVICES COMPENSATION COMMITTEE FOR REVIEW AND TO BLESSING CORPORATE SERVICES BOARD OF TRUSTEES FOR APPROVAL JILL K MASON - cno OF BLESSING HOSPITAL - ON A BIANNUAL BASIS, COMPARABLE COMPENSATION DATA THROUGH A THIRD PARTY (SULLIVAN-COTTER) IS USED TO ESTABLISH MARKET RANGE INFORMATION IS SUBMITTED TO THE BLESSING CORPORATE SERVICES COMPENSATION COMMITTEE FOR REVIEW AND TO BLESSING CORPORATE SERVICES BOARD OF TRUSTEES FOR APPROVAL

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	A COPY OF THE CONFLICT OF INTEREST POLICY IS DISTRIBUTED ANNUALLY TO OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES TO BE READ, SIGNED, AND RETURNED TO THE ORGANIZATION THE SIGNED POLICIES ARE RETAINED IN THE CORPORATE ADMINISTRATIVE FILES IN ADDITION, EACH OFFICER, DIRECTOR, OR TRUSTEE IS REQUIRED TO DECLARE NO CONFLICT OF INTEREST IN REGARDS TO AGENDA ITEMS BEING PRESENTED AT THE START OF EACH MONTHLY BOARD MEETING

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	FOLLOWING MANAGEMENT AND LEGAL REVIEW, THE FORM 990 WAS PROVIDED TO THE BOARD OF TRUSTEES FOR REVIEW AND COMMENT PRIOR TO FILING

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	BLESSING CORPORATE SERVICES SHALL POSSESS THE RIGHTS AND RESPONSIBILITIES TO (b)appoint the corporation's president and nominate all candidates to serveas directors of Quincy Health Care Management, Inc , (c) approveexpressly all amendments to the corporation's articles of incorporationand bylaws before they may become effective, (d) approve long-term debt,long-range plans and capital and operating budgets, (e) approve thepurchase and sale of real and personal property and contracts enteredinto by the corporation, not expressly made part of an approved budget,the reasonable value of which exceeds an amount set forth in the bylawsof the member, (f) approval of material investment decisions,including without limitation establishment and modification ofinvestment policies, engagement and removal of investment managers andadvisors, and changes in investment allocations not permitted by anexisting investment policy, (g) approval of the parameters for terms of employment of physicians, including physician compensation plans, and any material variances fromsuch parameters for individual physicians, (h) approval of the selection of auditors and legal counsel, (i) approval of charity care and community benefits-related policies, (j) approval of the formation of subsidiary entities and/or joint ventures, (k) approval of the filing of a petition in bankruptcy, making and assignment for the benefit of creditors, or applying for protection under any insolvency laws, (l) approval of the participation in any merger, combination, consolidation, liquidation, dissolution or other corporate or business entity restructuring, and (m) the power to compel the corporation to enforce and/or perform any contractual obligation

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	BLESSING CORPORATE SERVICES SHALL POSSESS THE RIGHTS AND RESPONSIBILITIES TO (A) Appoint and/or remove all the trustees of the corporation

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	BLESSING CORPORATE SERVICES, INC IS THE SOLE VOTING MEMBER OF BLESSING HOSPITAL

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 4	Form 990, Part VI, Line 4 Description of Significant Changes to Organizational Documents	<p>Upon dissolution of BLESSING HOSPITAL'S AFFILIATED ENTITY, Blessing Educational Revolving Fund, THE MONEYS OF SAID ORGANIZATION WERE TRANSFERRED TO Blessing Hospital. Blessing Hospital will now hold said moneys in a separate fund for use in substantially the same manner as prior to the transfer of the funds to Blessing Hospital. Blessing Hospital's Bylaws were CORRESPONDINGLY REVISED SUCH THAT the Blessing-Rieman College of Nursing COMMITTEE OF BLESSING HOSPITAL'S BOARD OF TRUSTEES, WHICH IS IN CHARGE OF MANAGING THE COLLEGE, IS NOW REQUIRED TO establish and maintain a charitable fund, to be referred to as the Blessing Educational Revolving Fund (BERF), which will provide financial assistance in the form of loans or grants to qualified students while enrolled in and attending Blessing Hospital educational programs. The bylaws also added that the BERF Committee must set up a sub-committee in charge of investments and approving loans to students enrolled in and attending Blessing Hospital educational programs.</p>



Identifier	Return Reference	Explanation
Form 990, Part VI, Line 3	Form 990, Part VI, Line 3 Description of Delegated Duties to Management Company	1) BLESSING CORPORATE SERVICES PROVIDES GENERAL MANAGEMENT SERVICES 2) NATIONAL HEALING PROVIDES MANAGEMENT SERVICES FOR THE WOUND CARE DEPARTMENT WHICH INCLUDES HYPERBARIC SERVICES 3) QUINCY MEDICAL GROUP PROVIDES MANAGEMENT OF THE SURGERY CENTER OF QUINCY 4) ARAMARK PROVIDES MANAGEMENT OF FOOD SERVICES AND STERILE PROCESSING 5) BRIDGE HOME CARE PARTNERS PROVIDES MANAGEMENT OF BLESSING'S HOME CARE SERVICES

SCHEDULE R  
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
BLESSING HOSPITAL

Employer identification number  
37-0661183

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)					
(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) BLESSING AFFILIATES INC  BROADWAY AT 11TH PO BOX 7005  QUINCY, IL 623057005 37-1128708	CURRENTLY INACTIVE	IL	501(C)(3)	9	BCS INC		No
(2) BLESSING VOLUNTEERS IN PARTNERSHIP  BROADWAY AT 14TH PO BOX 7005  QUINCY, IL 623057005 23-7160187	PROVIDE SUPPORT FOR BLESSING HOSPITAL	IL	501(C)(3)	11B	NA		No
(3) BLESSINGCARE CORPORATION - MISSOURI  1005 BROADWAY  QUINCY, IL 62301 43-1371818	CURRENTLY INACTIVE	MO	501(C)(3)	3	BCS INC		No
(4) BLESSING HOSPITAL SELF-INSURANCE PLAN  BROADWAY AT 11TH PO BOX 7005  QUINCY, IL 623057005 37-1045366	PROVIDE SUPPORT FOR MEDICAL LIABILITY CLAIMS	IL	501(C)(3)	11A	BCS INC		No
(5) BLESSINGCARE CORP DBA ILLINI COMM HOSP  640 WEST WASHINGTON  PITTSFIELD, IL 62363 37-1396010	PROVIDE HEALTHCARE	IL	501(C)(3)	3	BCS INC		No
(6) THE BLESSING FOUNDATION  BROADWAY AT 11TH POBOX 7005  QUINCY, IL 623057005 37-1128705	FUNDRAISING & GRANT-MAKING	IL	501(C)(3)	11B	BCS INC		No
(7) BLESSING CORPORATE SERVICES  BROADWAY AT 11TH PO BOX 7005  QUINCY, IL 623057005 37-1128706	PROVIDE DIRECTION AND CONTROL TO ENTITIES	IL	501(C)(3)	9	BCS INC		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) ILLINI HEALTH SERVICES LLC  PO BOX 40 QUINCY, IL 623060040 47-0901851	PHARMACY	IL	DENMAN					No			No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) DENMAN SERVICES INC BROADWAY AT 14TH STREET QUINCY, IL 62306 37-1132117	MED EQUIP	IL	BCS INC	C CORP			

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

Yes

Yes

Yes

No

No

No

No

Yes

Yes

Yes

Yes

Yes

Yes

Yes

Yes

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
------------	------------------	-------------	--

Additional Data

Software ID: 11000144  
Software Version: 2011v1.5  
EIN: 37-0661183  
Name: BLESSING HOSPITAL

Form 990, Schedule D, Part X, - Other Liabilities

1	(a) Description of Liability	(b) Amount
	PREMIUM ON LONG TERM DEBT	648,806
	MOB CARDIO REHAB LEASE	135,332
	MOB BLOOD DRAW LEASE	129,073
	MAMMOGRAPHY FURNITURE LEASE	31,453
	HILL-ROM LEASE	268,118
	ESTIMATED 3RD-PARTY PAYOR SETTLEMENTS	8,573,704
	DEFERRED COMPENSATION	5,281,590
	DA VINCI ROBOT LEASE	1,062,727
	CATH LAB 1	349,960
	ADVANCES AND DEFERRED REVENUE	2,210,009
	ACCRUED SALARIES & WAGES	16,536,479
	ACCRUED PENSION COSTS	63,891,973
	ACCRUED PAYROLL TAXES	711,782
	ACCRUED INTEREST	697,193

**Software ID:** 11000144  
**Software Version:** 2011v1.5  
**EIN:** 37-0661183  
**Name:** BLESSING HOSPITAL

**Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations**

(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 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
BLESSING AFFILIATES INC  BROADWAY AT 11TH PO BOX 7005 QUINCY, IL 623057005 37-1128708	CURRENTLY INACTIVE	IL	501(C) (3)	9	BCS INC		No
BLESSING VOLUNTEERS IN PARTNERSHIP  BROADWAY AT 14TH PO BOX 7005 QUINCY, IL 623057005 23-7160187	PROVIDE SUPPORT FOR BLESSING HOSPITAL	IL	501(C) (3)	11B	NA		No
BLESSINGCARE CORPORATION - MISSOURI  1005 BROADWAY QUINCY, IL 62301 43-1371818	CURRENTLY INACTIVE	MO	501(C) (3)	3	BCS INC		No
BLESSING HOSPITAL SELF- INSURANCE PLAN  BROADWAY AT 11TH PO BOX 7005 QUINCY, IL 623057005 37-1045366	PROVIDE SUPPORT FOR MEDICAL LIABILITY CLAIMS	IL	501(C) (3)	11A	BCS INC		No
BLESSINGCARE CORP DBA ILLINI COMM HOSP  640 WEST WASHINGTON PITTSFIELD, IL 62363 37-1396010	PROVIDE HEALTHCARE	IL	501(C) (3)	3	BCS INC		No
THE BLESSING FOUNDATION  BROADWAY AT 11TH POBOX 7005 QUINCY, IL 623057005 37-1128705	FUNDRAISING & GRANT-MAKING	IL	501(C) (3)	11B	BCS INC		No
BLESSING CORPORATE SERVICES  BROADWAY AT 11TH PO BOX 7005 QUINCY, IL 623057005 37-1128706	PROVIDE DIRECTION AND CONTROL TO ENTITIES	IL	501(C) (3)	9	BCS INC		No



BLESSING HOSPITAL  
QUINCY, ILLINOIS  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011

## I N D E X

<u>Exhibit</u>		<u>Page</u>
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	Independent Auditors' Report	2
	FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011:	
"A"	Balance Sheets	3
"B"	Statements Of Operations	4
"C"	Statements Of Changes In Net Assets	5
"D"	Statements Of Cash Flows	6
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## BOARD OF TRUSTEES

**Term expires in January -**

**2013**

Nancy Bluhm  
David Boster  
Lynn P. House  
Michael Hulsen  
Thomas H. Miller, M.D.

**2014**

Michael J. Foster  
Dennis Go, M.D.  
Michael D. Klingner  
Christopher J. Niemann  
Harry Ruth, M.D.

**2015**

Jean A. Disseler, M.D.  
Timothy Koontz

President of Medical-Dental Staff  
President of Hospital  
President of Blessing Corporate Services, Inc.

Dennis Go, M.D.  
Maureen A. Kahn  
B. Bradford Billings

## OFFICERS

Timothy Koontz  
Thomas H. Miller, M.D.  
Maureen A. Kahn  
Patrick M. Gerveler  
Timothy A. Moore

Chairman  
Vice-Chairman  
President/CEO  
Treasurer  
Secretary

# GRAY HUNTER STENN LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

500 MAINE STREET

QUINCY, ILLINOIS 62301

(217) 222-0304 FAX (217) 222-1691

QUINCY, ILLINOIS  
OAK BROOK, ILLINOIS

MARION, ILLINOIS  
DEKALB, ILLINOIS

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Blessing Hospital

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of Blessing Hospital as of September 30, 2012 and 2011, and the results of its operations, changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Gray Hunter Stenn LLP*  
Certified Public Accountants

Dated at Quincy, Illinois  
January 4, 2013

**BLESSING HOSPITAL**  
**BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2012 AND 2011**

	As At September 30	
	2012	2011
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 68,008,602	\$ 50,055,325
Investments	87,030,095	75,684,455
Patient accounts receivable, net of allowance for doubtful accounts of \$15,385,000 in 2012 and \$16,469,980 in 2011	52,952,081	56,795,643
Assets whose use is limited - required for current liabilities	183,480	38,891
Inventories - at lower of cost or market	6,374,352	5,660,877
Prepaid expenses	3,411,772	3,598,118
Receivables - related organizations - net	909,883	1,543,688
Other current assets	4,189,392	4,952,893
<b>Total Current Assets</b>	<b>\$ 223,059,657</b>	<b>\$ 198,329,890</b>
<b>Other Assets:</b>		
Assets whose use is limited:		
By board of trustees for self-insurance and other	\$ 10,249,569	\$ 10,132,696
To pay retirement benefits	2,146,055	1,577,303
Other assets	4,308,028	2,903,105
Total assets whose use is limited or restricted	\$ 16,703,652	\$ 14,613,104
Less assets whose use is limited and are required for current liabilities	(183,480)	(38,891)
<b>Total Noncurrent Assets Whose Use Is Limited Or Restricted</b>	<b>\$ 16,520,172</b>	<b>\$ 14,574,213</b>
<b>Property, Plant And Equipment - Net</b>	<b>\$ 108,468,772</b>	<b>\$ 102,570,879</b>
<b>Other Noncurrent Assets:</b>		
Noncurrent investments	\$ 150,000	\$ 35,000
Receivables - related organizations	-	1,147,950
Other notes receivable	4,248,015	2,284,722
Estimated insurance recoveries	1,445,458	-
Intangible assets	9,332,371	9,332,371
<b>Total Other Noncurrent Assets</b>	<b>\$ 15,175,844</b>	<b>\$ 12,800,043</b>
<b>Total Assets</b>	<b>\$ 363,224,445</b>	<b>\$ 328,275,025</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Current installments of long-term debt	\$ 5,156,622	\$ 4,926,316
Accounts payable	10,693,886	10,191,611
Estimated third-party payor settlements - Medicare, Medicaid, Blue Cross	8,573,704	8,520,978
Retainage and construction accounts payable	2,480,408	1,903,799
Deferred revenue	1,664,009	1,228,092
Other accruals	28,886,853	25,300,421
<b>Total Current Liabilities</b>	<b>\$ 57,455,482</b>	<b>\$ 52,071,217</b>
<b>Other Liabilities:</b>		
Long-term debt, net of current portion and deferred financing costs	\$ 78,002,814	\$ 79,194,853
Estimated professional liability claims	8,436,438	7,699,871
Accrued pension costs	63,891,973	51,194,434
Other long-term liabilities	6,829,068	4,314,172
<b>Total Other Liabilities</b>	<b>\$ 157,160,293</b>	<b>\$ 142,403,330</b>
<b>Total Liabilities</b>	<b>\$ 214,615,775</b>	<b>\$ 194,474,547</b>
<b>Net Assets:</b>		
Unrestricted	\$ 143,898,746	\$ 130,936,264
Temporarily restricted	3,012,651	2,660,412
Permanently restricted	1,697,273	203,802
<b>Total Net Assets</b>	<b>\$ 148,608,670</b>	<b>\$ 133,800,478</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 363,224,445</b>	<b>\$ 328,275,025</b>

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

GRAY HUNTER STENN LLP

Exhibit "B"

**BLESSING HOSPITAL**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>Year Ended September 30</u>	
	<u>2012</u>	<u>2011</u>
<b><u>Unrestricted Revenues, Gains And Other Support:</u></b>		
Net patient service revenue	\$ 292,748,863	\$ 282,675,962
Provision for bad debts	<u>(22,207,322)</u>	<u>(19,513,348)</u>
Net patient service revenue less provision for bad debts	\$ 270,541,541	\$ 263,162,614
Auxiliary services income	15,156,038	13,802,753
Investment income	1,476,730	5,141,321
Net assets released from restrictions used for operations	<u>1,902,428</u>	<u>1,747,736</u>
<b><u>Total Revenues, Gains And Other Support</u></b>	<b>\$ <u>289,076,737</u></b>	<b>\$ <u>283,854,424</u></b>
<b><u>Expenses:</u></b>		
Salaries, wages and contract labor	\$ 102,715,085	\$ 100,378,388
Other operating expenses	138,249,518	133,799,730
Depreciation and amortization	13,638,998	14,271,234
Interest expense	2,770,041	3,056,659
Loss on extinguishment of debt	<u>375,327</u>	<u>-</u>
<b><u>Total Expenses</u></b>	<b>\$ <u>257,748,969</u></b>	<b>\$ <u>251,506,011</u></b>
Excess of revenues, gains and other support over expenses	\$ 31,327,768	\$ 32,348,413
Change in net unrealized gains and losses on other than trading securities	6,695,578	(3,608,714)
Transfers to parent	<u>(12,290,957)</u>	<u>(12,400,482)</u>
<b><u>Increase (Decrease) In Unrestricted Net Assets, Before Effect Of Pension Liability</u></b>	<b>\$ <u>25,732,389</u></b>	<b>\$ <u>16,339,217</u></b>
<b><u>Decrease In Equity For Minimum Pension Liability</u></b>	<b>\$ <u>(12,769,907)</u></b>	<b>\$ <u>(9,308,247)</u></b>
<b><u>Increase (Decrease) In Unrestricted Net Assets</u></b>	<b>\$ <u>12,962,482</u></b>	<b>\$ <u>7,030,970</u></b>

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

Exhibit "C"

**BLESSING HOSPITAL****STATEMENTS OF CHANGES IN NET ASSETS****YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>Year Ended September 30</u>	
	<u>2012</u>	<u>2011</u>
<b><u>Unrestricted Net Assets:</u></b>		
Excess of revenues over expenses	\$ 31,327,768	\$ 32,348,413
Change in net unrealized gains and losses on other than trading securities	6,695,578	(3,608,714)
Transfers to parent	<u>(12,290,957)</u>	<u>(12,400,482)</u>
<b><u>Increase (Decrease) In Unrestricted Net Assets, Before Effect Of Pension Liability</u></b>	<b>\$ 25,732,389</b>	<b>\$ 16,339,217</b>
<b><u>Decrease In Equity For Minimum Pension Liability</u></b>	<b>\$ (12,769,907)</b>	<b>\$ (9,308,247)</b>
<b><u>Increase (Decrease) In Unrestricted Net Assets</u></b>	<b>\$ 12,962,482</b>	<b>\$ 7,030,970</b>
<b><u>Temporarily Restricted Net Assets:</u></b>		
Contributions	\$ 2,464,329	\$ 1,997,552
Net realized and unrealized gains (losses) on investments	(209,662)	(7,472)
Net assets released from restrictions	<u>(1,902,428)</u>	<u>(1,747,736)</u>
<b><u>Increase (Decrease) In Temporarily Restricted Net Assets</u></b>	<b>\$ 352,239</b>	<b>\$ 242,344</b>
<b><u>Permanently Restricted Net Assets:</u></b>		
Contributions	\$ 60,036	\$ -
Net realized and unrealized gains (losses) on investments	<u>1,433,435</u>	<u>-</u>
<b><u>Increase (Decrease) In Permanently Restricted Net Assets</u></b>	<b>\$ 1,493,471</b>	<b>\$ -</b>
<b><u>Increase (Decrease) In Net Assets</u></b>	<b>\$ 14,808,192</b>	<b>\$ 7,273,314</b>
<b><u>Net Assets, Beginning Of Year</u></b>	<b><u>133,800,478</u></b>	<b><u>126,527,164</u></b>
<b><u>Net Assets, End Of Year</u></b>	<b><u>\$ 148,608,670</u></b>	<b><u>\$ 133,800,478</u></b>

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.

**BLESSING HOSPITAL**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	Year Ended September 30	
	2012	2011
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 14,808,192	\$ 7,273,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,638,998	14,271,234
Amortization of deferred financing costs and bond premium	76,993	86,573
Provision for bad debts	22,207,322	19,513,348
Loss on extinguishment of debt	375,327	-
(Gain) loss on disposal of property and equipment	49,229	229,268
Net realized and unrealized (gains) losses on investments other than trading securities	(7,531,714)	1,765,795
Undistributed portion of change in interest in net assets of The Blessing Foundation, Inc.	-	2,738,602
Transfers to parent	12,290,957	12,400,482
(Increase) decrease in patient accounts receivable	(18,363,760)	(22,726,557)
(Increase) decrease in inventories	(713,475)	(412,013)
(Increase) decrease in prepaid expenses	186,346	87,296
(Increase) decrease in other current assets and receivables - related organizations	1,885,969	(2,886,003)
(Increase) decrease in other notes receivable	(540,253)	162,909
(Increase) decrease in estimated insurance recoveries	(2,189,209)	-
Increase (decrease) in accounts payable	502,275	(328,148)
Increase (decrease) in other current accruals	1,836,432	2,663,602
Increase (decrease) in estimated professional liability claims	2,486,567	1,810,616
Increase (decrease) in accrued pension cost	12,697,539	9,910,031
Increase (decrease) in estimated third-party payor settlements	52,726	793,017
Increase (decrease) in deferred revenue	344,917	38,021
Increase (decrease) in other long-term liabilities	2,605,896	428,741
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 56,707,274</b>	<b>\$ 47,820,128</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	\$ (19,148,842)	\$ (14,750,566)
Proceeds from disposal of property and equipment	39,522	428,816
Sales of investments	79,994,185	78,245,661
Purchase of investments	(86,013,659)	(88,029,591)
Loan to related party	(278,897)	(798,889)
Repayment of related party loan	258,895	942,337
Purchase of intangibles and deferred financing costs	-	(10,500)
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>\$ (25,148,796)</b>	<b>\$ (23,972,732)</b>
<b>Cash Flows From Financing Activities:</b>		
Transfers to parent	\$ (12,290,957)	\$ (12,400,482)
Increase (decrease) in retainage and construction accounts payable	576,609	(2,109,119)
Proceeds from issuance of long-term debt	35,944,237	-
Repayment of long-term debt	(37,835,090)	(4,858,460)
<b>Net Cash Provided (Used) By Financing Activities</b>	<b>\$ (13,605,201)</b>	<b>\$ (19,368,061)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>\$ 17,953,277</b>	<b>\$ 4,479,335</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	<b>50,055,325</b>	<b>45,575,990</b>
<b>Cash And Cash Equivalents At End Of Year</b>	<b>\$ 68,008,602</b>	<b>\$ 50,055,325</b>

**Supplemental Disclosure Of Cash Flow Information:**

Cash paid for interest for the years ended September 30, 2012 and 2011 was \$2,395,459 and \$3,068,271, respectively.  
Interest capitalized for the years ended September 30, 2012 and 2011 was \$81,804 and \$51,719, respectively.  
Deferred financing costs capitalized for the years ended September 30, 2012 and 2011 were \$329,164 and \$-0-, respectively.  
The Hospital entered into capital lease obligations in the amount of \$476,800 and \$-0- for equipment during the years ended September 30, 2012 and 2011, respectively.  
Land with a book value of \$88,751 was transferred to a related entity during the year ended September 30, 2012.

Exhibit "E", Notes To Financial Statements, is an integral part of this statement.



**BLESSING HOSPITAL**  
**NOTES TO FINANCIAL STATEMENTS**

**Note (1)    Description Of Organization And Summary Of Significant Accounting Policies**

**Organization -** Blessing Hospital (Hospital), located in Quincy, Illinois, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of Western Illinois and Northeastern Missouri. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated in Illinois in 1875 and is a member of a group of related organizations (See Note 11).

**Use of estimates -** Preparation of the Hospital's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on historical experience and information that is available to management about current events and action the Hospital may take in the future. Significant items subject to estimates and assumptions include the depreciable lives and the carrying value of long-lived assets; valuation allowances for receivables; the liability for third-party payor settlements – Medicare, Medicaid, and Blue Cross; liabilities for employee healthcare claims and worker's compensation claims; the liability for professional liability claims; other estimated third party liabilities; and obligations related to the Hospital's defined benefit plan. Actual results could differ from these estimates.

**Cash and cash equivalents -** Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payors.

**Investments -** Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities. The Hospital routinely invests its surplus operating funds in certificates of deposit.

**Assets limited as to use -** Assets limited as to use primarily include assets held by trustees under indenture agreements, assets restricted to pay retirement benefits, assets restricted by donors, and designated assets set aside by the Board of Trustees for future capital improvements and self-insurance trust arrangements, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Hospital have been reclassified in the balance sheets at September 30, 2012 and 2011.

**Note (1)    Description Of Organization And Summary Of Significant Accounting Policies (Cont'd.)**

**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 using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

**Gifts of long-lived assets** such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used 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.

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

**Excess of revenues, gains and other support over expenses** - The statements of operations include excess of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**Net patient service revenue** - The Hospital has agreements with third-party payors that provide for payments to the Hospital 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 service revenue is reported at the estimated net realizable amounts from patients, 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.

**Charity care** - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. See Note (2) for the total amount of charity care.

Note (1) Description Of Organization And Summary Of Significant Accounting Policies (Cont'd.)

**Donor-restricted gifts -** Unconditional promises to give cash and other assets to the Hospital 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 received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as restricted contributions and a subsequent release of restrictions in the accompanying financial statements (See Note 12).

**Estimated professional liability costs -** The provision for estimated professional liability claims includes estimates of the ultimate costs for both actual reported claims and potential claims incurred but not reported.

**Other long-term liabilities -** The provision for other long-term liabilities includes the Hospital's estimate of potential liability for future adjustments of prior billings.

**Income taxes -** The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The tax years from 2008 through 2011 remain open for review by the taxing authorities.

**Patient accounts receivable -** The Hospital provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Hospital's estimate is based on historical collection experience and a review of the current status of patient accounts receivable. It is reasonably possible that the Hospital's estimate of the allowance for doubtful accounts will change. The Hospital considers accounts receivable to be past due one month after initial billing and charges off accounts when turned over to collection.

**Notes receivable -** Notes receivable include amounts due from employees, physicians, and Blessing Rieman College of Nursing students. Notes receivable are stated at unpaid principal balances with an allowance for uncollectible accounts. Notes due from employees and physicians bear interest at a rate equal to the prime rate plus 1% and are eligible for forgiveness as the borrower completes specified years of service with the Hospital. All student notes are on non-accrual status because management believes, in general, student's economic conditions, business conditions, and past collection efforts, show that collection of interest is doubtful. Interest on loans is recognized only to the extent cash payments are received and is calculated using the simple interest method on principal amounts outstanding. These note's past due status is based on the contractual terms of the note.

**Deferred financing costs -** Deferred financing costs are netted against long term debt and amortized over the period the obligation is outstanding using the interest method.

**Intangible assets -** Intangible assets are evaluated for impairment on a periodic basis.

**Inventories -** Inventories are valued at the lower of cost or market, following the first-in, first-out method.

**Subsequent events -** Subsequent events have been evaluated through January 4, 2013, which is the date the financial statements were available to be issued.

Note (2) Net Patient Service Revenue

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

Medicare - Inpatient acute care services and inpatient rehabilitation 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 psychiatric services are paid at prospectively determined per diem rates that are based on clinical, diagnostic, and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Substantially all outpatient services are paid at prospectively determined rates. Certain medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology with certain limitations. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a quality improvement organization under contract with the Hospital. The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through September 30, 2006.

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge or prospectively determined daily rates based on the services rendered. Outpatient services are reimbursed based upon a payment schedule by type of service. The Hospital's Medicaid cost reports have been finalized by the Medicaid fiscal intermediary through September 30, 2006.

Revenue from the Medicare and Medicaid programs accounted for approximately 31 percent and 6 percent, respectively, of the Hospital's net patient revenue for the year ended September 30, 2012, and 32 percent and 6 percent, respectively, of the Hospital's net patient revenue for the year ended September 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

The Hospital adopted the Accounting Standard Update "Measuring Charity Care for Disclosure" in the current year. The accounting standard update requires all entities to disclose the amount of charity care provided using a cost-based measurement basis. The accounting standard update will have no effect on the amounts reported in the financial statements. The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than their established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care so they are not reported as net patient service revenue. The amounts of direct and indirect costs for services and supplies furnished under the Hospital's charity care policy totaled approximately \$8,496,000 and \$8,064,000 for the years ended September 30, 2012 and 2011, respectively and is based on a ratio of the Hospital's costs to its gross charges.

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Note (2) Net Patient Service Revenue (Cont'd.)

The following is a schedule of revenues and deductions in arriving at net patient revenue:

	Year Ended September 30		Change From
	2012	2011	Prior Year
Gross patient service revenue	\$ 751,827,802	\$ 715,167,616	\$ 36,660,186
Medicare allowances	(269,574,920)	(250,220,204)	(19,354,716)
Medicaid allowances	(79,160,522)	(78,015,529)	(1,144,993)
Charity care	(29,096,717)	(26,878,630)	(2,218,087)
Other allowances	(81,246,780)	(77,377,291)	(3,869,489)
Net patient service revenue	\$ 292,748,863	\$ 282,675,962	\$ 10,072,901

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for 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 during the years ended September 30, 2012 and 2011 from these major payor sources, is as follows:

	Third-Party Payors	Self-Pay	Total All Payors
<u>Year Ended September 30, 2012</u>			
Patient service revenue (net of contractual allowances and discounts)	\$ 251,011,954	\$ 41,736,909	\$ 292,748,863
<u>Year Ended September 30, 2011</u>			
Patient service revenue (net of contractual allowances and discounts)	\$ 247,280,221	\$ 35,395,741	\$ 282,675,962

Note (3) Patient Accounts Receivable

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful 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, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the Hospital records a significant 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Note (3) Patient Accounts Receivable (Cont'd.)

The Hospital's self-pay write-offs increased from \$20,662,094 for the year ended September 30, 2011 to \$24,890,084 for the year ended September 30, 2012. This increase is the result of negative trends experienced in the collection of amounts due from patients. The Hospital has not changed its charity care or uninsured discount policies during the years ended September 30, 2012 and 2011. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors nor did it have significant bad debt write-offs from third-party payors.

Note (4) Contingencies

The Hospital has adopted a plan of self-insurance for certain liability coverage. The Hospital is periodically involved in litigation and regulatory investigations arising in the course of business. Under this plan, the Hospital is self-insured with respect to a primary layer of coverage for medical professional and general liability claims. Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement and defense costs of these claims. Accrued malpractice losses have been discounted at 6.0 percent for the years ending September 30, 2012 and 2011 and in management's opinion provide an adequate reserve for loss contingencies. The Hospital has certain commercial insurance coverage for claims exceeding the self-insurance layer. At September 30, 2012, other current assets included a receivable of \$500,000 and noncurrent estimated insurance recoveries included \$1,445,458 for the estimated amount of the liability that would be recoverable under the commercial insurance plan.

The Hospital has established a trust fund for the payment of professional liability and general claim settlements. The professional actuarial consultants have assisted the Hospital with determining amounts to be deposited in the trust fund.

On October 3, 2000, Blessing Corporate Services, Inc. and the Hospital entered into a line of credit agreement as a requirement of maintaining a plan of self-insurance for worker's compensation effective October 1, 1994. Several amendments and extensions of various dates have occurred since the original issuance. The current agreement extends a line of credit of up to \$625,000 with an expiration date set for July 8, 2013.

The Hospital has entered into an agreement with a bank to guarantee loans between the Hospital's patients and the bank. The Hospital agrees to purchase these loans if patients default and must maintain a deposit with the bank equal to ten percent of the outstanding loan principal balance of the loan portfolio. The Hospital guarantees patient loans made under the agreement until they are paid in full. Patient loans purchased by the Hospital under the agreement are subject to normal collection procedures by the Hospital. At September 30, 2012, the amount of patient loans outstanding with the bank and guaranteed by the Hospital totaled \$1,737,580.

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Note (5) Investments

At September 30, 2012 and 2011, investments totaling \$183,480 and \$38,891, respectively, whose use is limited under the 2012A, 2012B, 2008, 2007, and 2004 bond indentures are classified as current assets since their use is limited to pay liabilities classified as current.

Investments at September 30, 2012 and 2011 are as follows:

	As Of September 30		
	2012	2011	Change From
	Fair Value	Fair Value	Prior Year
<u>Marketable Equity Securities</u>	\$ 38,350,078	\$ 31,273,586	\$ 7,076,492
<u>Other Investments:</u>			
U.S. Government Obligations	\$ 95,859	\$ 11,253,488	\$ (11,157,629)
Government Bonds	17,762,594	-	17,762,594
Government Backed Securities	4,169,942	10,148,090	(5,978,148)
Corporate Mortgage/Asset			
Backed Securities	4,583,096	4,235,731	347,365
Foreign Bonds	536,669	418,216	118,453
Corporate Bonds	11,750,147	12,165,199	(415,052)
Money Market Accounts	434,176	82,115	352,061
Mutual Funds	3,858,566	3,401,171	457,395
Managed Future Hedge Fund	2,384,275	2,648,446	(264,171)
Certificates Of Deposits	16,183,059	12,787,713	3,395,346
Other Assets	3,775,286	1,918,804	1,856,482
<u>Total Other Investments</u>	\$ 65,533,669	\$ 59,058,973	\$ 6,474,696
<u>Grand Total</u>	\$ 103,883,747	\$ 90,332,559	\$ 13,551,188
Classified as current	\$ 87,030,095	\$ 75,684,455	\$ 11,345,640
Assets whose use is limited:			
By board of trustees for self-insurance			
and other	10,249,569	10,132,696	116,873
Under bond indenture agreement			
by trustee:			
Current	183,480	38,891	144,589
Non-Current	-	-	-
Assets held in escrow	-	-	-
Assets held to pay retirement benefits	2,146,055	1,577,303	568,752
By donor:			
Endowment assets	1,697,273	203,802	1,493,471
Specific purpose assets	2,427,275	2,660,412	(233,137)
Classified as noncurrent	150,000	35,000	115,000
<u>Total</u>	\$ 103,883,747	\$ 90,332,559	\$ 13,551,188

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Note (5) Investments (Cont'd.)

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ending September 30, 2012 and 2011:

	Year Ending September 30		Change From
	2012	2011	Prior Year
Investment Income:			
Interest and dividend income	\$ 2,233,805	\$ 2,061,450	\$ 172,355
Investment fees	(439,865)	(358,660)	(81,205)
Realized gains (losses) on sales of securities	(350,482)	3,430,484	(3,780,966)
Gain (loss) on sale of fixed assets	33,272	8,047	25,225
	<u>\$ 1,476,730</u>	<u>\$ 5,141,321</u>	<u>\$ (3,664,591)</u>
Other Changes in Unrestricted Net Assets:			
Change in net unrealized gains (losses) on other than trading securities	<u>\$ 6,695,578</u>	<u>\$ (3,608,714)</u>	<u>\$ 10,304,292</u>

Realized gains on sales of securities for the year ended September 30, 2011 includes a gain of approximately \$1.5 million distributed to the Hospital from the sale of the assets of JCH Dialysis Center, LLC.

Note (6) Inventories

Inventories consist of the following:

	As Of September 30		Change From
	2012	2011	Prior Year
Surgery and anesthesia	\$ 4,181,270	\$ 3,331,563	\$ 849,707
Pharmacy and intravenous	1,075,514	1,110,256	(34,742)
Storeroom	143,192	148,233	(5,041)
Laboratory	185,593	213,542	(27,949)
Supplies processing development	96,287	82,958	13,329
Cardiology	600,242	664,899	(64,657)
Radiology	92,254	109,426	(17,172)
<u>Total</u>	<u>\$ 6,374,352</u>	<u>\$ 5,660,877</u>	<u>\$ 713,475</u>



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Note (7) Property, Plant, And Equipment

Property, plant, and equipment consist of the following:

	As Of September 30		Change From
	2012	2011	Prior Year
Land	\$ 12,613,855	\$ 12,458,355	\$ 155,500
Land improvements	6,408,795	5,697,771	711,024
Buildings and building equipment	137,428,518	135,155,106	2,273,412
Furniture, fixtures and equipment	133,974,622	122,766,018	11,208,604
Construction in progress	8,317,200	4,907,764	3,409,436
	\$ 298,742,990	\$ 280,985,014	\$ 17,757,976
Less accumulated depreciation	(190,274,218)	(178,414,135)	(11,860,083)
<u>Total</u>	<u>\$ 108,468,772</u>	<u>\$ 102,570,879</u>	<u>\$ 5,897,893</u>

Property, plant and equipment in the amount of \$1,440,580 and \$1,787,053 are held under capital lease at September 30, 2012 and 2011, respectively. The related accumulated amortization for equipment under capital lease obligations was \$263,586 and \$792,586 at September 30, 2012 and 2011, respectively. Blessing Hospital has entered into purchase commitments until 2020 to acquire computer equipment for approximately \$25.5 million; as of September 30, 2012, \$19,621,349 of those commitments has not been paid. In addition, as of September 30, 2012 the Hospital has entered into contracts for approximately \$60.5 million related to the construction of a patient care addition, and at year end \$58,301,112 of those contracts has not been paid.

The Hospital capitalizes interest cost on borrowings incurred during the new construction or upgrade of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. During the years ended September 30, 2012 and 2011, the Hospital capitalized \$81,804 and \$51,719 of interest, respectively, in connection with various capital expansion projects.

Note (8) Other Accruals

Other accruals consist of the following:

	As Of September 30		Change From
	2012	2011	Prior Year
Salaries, wages, and paid time off	\$ 16,536,479	\$ 15,810,660	\$ 725,819
Payroll taxes and other withholding	711,782	691,504	20,278
Deferred compensation - current	3,089,535	2,185,746	903,789
Accrued interest	697,193	693,127	4,066
Employee healthcare claims	3,856,669	2,901,194	955,475
Workers' compensation claims	1,495,195	2,268,190	(772,995)
Professional liability claims - current	2,500,000	750,000	1,750,000
<u>Total</u>	<u>\$ 28,886,853</u>	<u>\$ 25,300,421</u>	<u>\$ 3,586,432</u>

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Note (9) Pension Plan

The Hospital has a noncontributory defined benefit pension plan covering substantially all employees. The Hospital's funding policy is to contribute the amount necessary to meet the funding requirements as defined by the Internal Revenue Code. The Hospital uses a September 30 measurement date for its defined benefit plan. The following table sets forth the benefit obligation, fair value of plan assets, and the funded status of the Hospital's plan; amounts recognized in the Hospital's financial statements; and the principal weighted-average assumptions used:

	<u>Year Ended September 30</u>		<u>Change From</u>
	<u>2012</u>	<u>2011</u>	<u>Prior Year</u>
<u>Change In Benefit Obligation:</u>			
Benefit obligation at Beginning of Year	\$ 124,332,065	\$ 110,782,594	\$ 13,549,471
Service cost	4,113,610	3,946,394	167,216
Interest cost	6,332,424	6,079,667	252,757
Plan participants' contributions	-	-	-
Actuarial (gains)/losses	21,077,487	6,329,379	14,748,108
Benefits paid	(3,182,902)	(2,805,969)	(376,933)
<u>Benefit Obligation At End Of Year</u>	<u>\$ 152,672,684</u>	<u>\$ 124,332,065</u>	<u>\$ 28,340,619</u>
<u>Change In Plan Assets:</u>			
Fair value of plan assets at Beginning of Year	\$ 73,137,631	\$ 69,498,191	\$ 3,639,440
Actual return on plan assets	11,143,899	515,409	10,628,490
Employer contribution	7,682,083	5,930,000	1,752,083
Plan participants' contributions	-	-	-
Benefits paid	(3,182,902)	(2,805,969)	(376,933)
<u>Fair Value Of Plan Assets At End Of Year</u>	<u>\$ 88,780,711</u>	<u>\$ 73,137,631</u>	<u>\$ 15,643,080</u>
<u>Funded Status</u>	<u>\$ (63,891,973)</u>	<u>\$ (51,194,434)</u>	<u>\$ (12,697,539)</u>

Amounts recognized in the Balance Sheet consist of:

	<u>Year Ended September 30</u>		<u>Change From</u>
	<u>2012</u>	<u>2011</u>	<u>Prior Year</u>
Noncurrent assets	\$ -	\$ -	\$ -
Current liabilities	-	-	-
Noncurrent liabilities	(63,891,973)	(51,194,434)	(12,697,539)
<u>Net Amount Recognized in Balance Sheet</u>	<u>\$ (63,891,973)</u>	<u>\$ (51,194,434)</u>	<u>\$ (12,697,539)</u>

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Note (9) Pension Plan (Cont'd.)

Amounts recognized as changes in unrestricted net assets but not yet reclassified as components of net periodic benefit cost consist of:

	Year Ended September 30		Change From
	2012	2011	Prior Year
Net actuarial loss (gain)	\$ 61,897,168	\$ 49,119,197	\$ 12,777,971
Prior service cost (credit)	58,308	66,372	(8,064)
Net initial obligation (asset)	-	-	-
Total	\$ 61,955,476	\$ 49,185,569	\$ 12,769,907

Components of net periodic benefit cost are as follows:

	Year Ended September 30		Change From
	2012	2011	Prior Year
Net Periodic Benefit Cost:			
Service cost	\$ 4,113,610	\$ 3,946,394	\$ 167,216
Interest cost	6,332,424	6,079,667	252,757
Expected return on assets	(5,909,211)	(5,717,039)	(192,172)
Amortization of prior service cost	3,064,828	2,214,698	850,130
Recognized net (gain) or loss	8,064	8,064	-
Net periodic benefit cost	\$ 7,609,715	\$ 6,531,784	\$ 1,077,931

Other changes in net assets not yet included in net periodic benefit cost and reclassifications to net periodic benefit cost of amounts previously recognized as changes in unrestricted net assets but not included in net periodic benefit cost when they arose:

	Year Ended September 30		Change From
	2012	2011	Prior Year
Other changes in unrestricted net assets:			
Net (gain) loss	\$ 15,842,799	\$ 11,531,009	\$ 4,311,790
Recognized (gain) loss	(3,064,828)	(2,214,698)	(850,130)
Prior service cost	-	-	-
Recognized prior service cost (credit)	(8,064)	(8,064)	-
Total of other changes in unrestricted net assets	\$ 12,769,907	\$ 9,308,247	\$ 3,461,660
Total amounts recognized as changes in unrestricted net assets arising from a defined benefit plan	\$ 20,379,622	\$ 15,840,031	\$ 4,539,591

During 2012 the plan's unrestricted net assets decreased by \$12.8 million as shown above. The variance between the actual and expected return on plan assets during 2012 decreased unrestricted net assets by \$5.2 million. Because the decrease in unrestricted net assets relating to pension exceeds the greater of 10% of the projected benefit obligation or 10% of the plan assets, the excess will be amortized over the average expected future working lifetime of active plan participants. As of October 1, 2011 the average expected future working lifetime of active plan participants was 11.97 years. Actual results for 2013 will depend on the 2012 actuarial valuation of the plan.

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Note (9) Pension Plan (Cont'd.)

Amounts expected to be recognized in net periodic cost in the coming year are as follows:

	Year Ended September 30		Change From
	2012	2011	Prior Year
(Gain)/loss recognition	\$ 3,911,904	\$ 3,064,828	\$ 847,076
Prior service cost recognition	8,064	8,064	-

The accumulated benefit obligation for the pension plan was \$136,298,739 and \$105,419,216 at September 30, 2012 and 2011, respectively. The following table summarizes the Hospital sponsored pension plan that has an accumulated benefit obligation in excess of plan assets:

	Year Ended September 30	
	2012	2011
Projected benefit obligation	\$ 152,672,684	\$ 124,332,065
Accumulated benefit obligation	136,298,739	105,419,216
Fair value of plan assets	88,780,711	73,137,631

The following are weighted-average assumptions used to determine benefit obligations and net periodic benefit cost at September 30, 2012 and 2011:

	Year Ended September 30	
	2012	2011
Actuarial Assumptions Used To Determine Benefit Obligations:		
Discount rate	3.95 %	5.15 %
Rate of Compensation Increase	2.50 %	3.50 %
Mortality	RP-2000	RP-2000
Actuarial Assumptions Used To Determine Net Periodic Benefit Cost:		
Discount rate	5.15 %	5.55 %
Expected Return on Plan Assets	7.75 %	8.00 %
Rate of Compensation Increase	3.50 %	4.00 %

The change in unrecognized net gain/loss is one measure of the degree to which important assumptions have coincided with actual experience. During 2012 the unrecognized net loss increased by 10.3% of the 9/30/2011 projected benefit obligation. The Hospital changes important assumptions whenever changing conditions warrant. The discount rate is typically changed at least annually and the expected long-term return on plan assets will typically be revised every three to five years. Other material assumptions include the compensation increase rates, rates of employee termination, and rates of participant mortality.

The discount rate was determined by projecting the plan's expected future benefit payments as defined for the projected benefit obligation, discounting those expected payments using a theoretical zero-coupon spot yield curve derived from a universe of high-quality bonds as of the measurement date, and solving for a single equivalent discount rate that resulted in the same projected benefit obligation. A 1% increase/(decrease) in the discount rate would have (decreased)/increased the net periodic benefit cost for fiscal year 2012 by \$(1.9)/\$2.3 million and (decreased)/increased the year-end projected benefit obligation by \$(22.9)/\$29.2 million.

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Note (9) Pension Plan (Cont'd.)

The Hospital's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on plan assets was determined based on historical and expected future returns of the various asset classes, using the target allocations described below. Each 1% increase/(decrease) in the expected rate of return assumption would have (decreased)/increased the net periodic benefit cost for 2012 by \$920,000.

The Hospital's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The target allocations for plan assets are 65% equity securities and 35% debt securities. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters and achieve asset returns that meet or exceed the plan's actuarial assumptions.

The investment policy is periodically reviewed by the Hospital and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

The fair value of the Hospital's pension plan assets at September 30, 2012, by asset class are as follows:

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
Cash	\$ 6,318,895	\$ -	\$ -	\$ 6,318,895
Equity securities:				
U.S. large-cap value	13,056,433	-	-	13,056,433
U.S. large-cap growth	13,468,305	-	-	13,468,305
U.S. small-cap value	4,015,488	-	-	4,015,488
Small-cap growth	6,629,961	-	-	6,629,961
All-cap stock	8,066,979	-	-	8,066,979
International	12,744,697	-	-	12,744,697
Fixed income securities:				
Corporate bonds	3,124,871	-	-	3,124,871
Government bonds	9,020,938	-	-	9,020,938
Foreign bonds	192,084	-	-	192,084
Asset-backed securities	6,021,660	-	-	6,021,660
Mutual fund	6,120,400	-	-	6,120,400
<b>Total</b>	<b>\$ 88,780,711</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88,780,711</b>

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Note (9) Pension Plan (Cont'd.)

The fair value of the Hospital's pension plan assets at September 30, 2011, by asset class are as follows:

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
Cash	\$ 1,680,744	\$ -	\$ -	\$ 1,680,744
Equity securities:				
U.S. large-cap value	10,109,158	-	-	10,109,158
U.S. large-cap growth	10,536,899	-	-	10,536,899
U.S. small-cap value	3,437,781	-	-	3,437,781
Small-cap growth	5,629,898	-	-	5,629,898
All-cap stock	6,462,152	-	-	6,462,152
International	10,428,586	-	-	10,428,586
Fixed income securities:				
Corporate bonds	3,051,637	-	-	3,051,637
Government bonds	9,529,593	-	-	9,529,593
Foreign bonds	172,603	-	-	172,603
Asset-backed securities	4,917,582	-	-	4,917,582
Mutual fund	4,935,768	-	-	4,935,768
Mutual fund*	2,245,230	-	-	2,245,230
<u>Total</u>	<u>\$ 73,137,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,137,631</u>

\* This fund invests at least 80% of its net assets in investment grade fixed income debt securities, including corporate bonds, government bonds, foreign bonds, private placement bonds, and asset-backed securities. The fund may invest up to 10% of its total assets in below investment grade debt securities.

The Hospital expects to contribute \$8.15 million to the plan during the upcoming year. Funding requirements for subsequent time periods are uncertain and will significantly depend on whether the plan's actuary changes any assumptions used to calculate plan funding levels, the actual return on plan assets, changes in the employee groups covered by the plan, and any legislative or regulatory changes affecting plan funding requirements. For financial planning, cash flow management or cost reduction purposes the Hospital may increase, accelerate, decrease, or delay contributions to the plan to the extent permitted by law.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2013	\$ 3,696,358
2014	4,117,338
2015	4,541,534
2016	4,972,729
2017	5,502,626
Years 2018-2022	35,471,082

Note (9) Pension Plan (Cont'd.)

The defined benefit plan was amended effective March 31, 2007 to freeze benefit accruals for active participants hired on or after April 1, 2002. The amendment also freezes participation in the plan as of March 31, 2007; any employee who was not a plan participant on that date will not become a plan participant.

The Hospital also sponsors a defined contribution 403(b) plan. Substantially all employees are eligible to participate in the plan. The Hospital's contributions to this plan, which are based on a 25% match of employee's contributions up to 1% of an employee's compensation, amounted to \$712,558 and \$661,901 for the years ended September 30, 2012 and 2011, respectively. Due to the defined benefit plan amendment referred to in the previous paragraph, the Hospital will also contribute 3% of an employee's eligible compensation for each employee impacted by the amendment. The 3% contribution was \$1,695,535 and \$1,345,746 for the years ended September 30, 2012 and 2011, respectively.

The Hospital also sponsors a defined contribution 457(f) plan for selected employees. The cost of the 457(f) plan was \$600,000 and \$440,000 for the years ended September 30, 2012 and 2011, respectively.

**Note (10) Long-term Debt**

During the year ended September 30, 2012, the Hospital issued through the City of Quincy, Illinois revenue bonds totaling \$32,785,000 entitled City of Quincy, Adams County, Illinois Revenue Refunding Bonds, Series 2012A (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Net proceeds from the bond issue were \$32,620,418. Proceeds were reduced by \$164,582 for legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet and are being amortized over the life of the bonds following the interest method. The bonds are collateralized by a pledge of the Hospital's gross receipts. Following is a schedule of bond maturities:

<u>Amount</u>	<u>Due</u>	<u>Interest</u>
<u>Series 2012A</u>	<u>November 15</u>	<u>Rate</u>
\$ 845,000	2012	*
575,000	2013	
605,000	2014	
640,000	2015	
675,000	2016	
820,000	2017	
965,000	2018	
1,420,000	2019	
1,485,000	2020	
1,555,000	2021	
1,830,000	2022	
1,910,000	2023	
2,100,000	2024	
2,190,000	2025	
2,290,000	2026	
2,490,000	2027	
2,605,000	2028	
2,515,000	2029	
1,205,000	2030	
1,280,000	2031	
1,355,000	2032	
<u>1,430,000</u>	2033	
<u>\$ 32,785,000</u>		

\*Series 2012A bonds are variable rate bonds, thus, the interest rate is not presented. Interest is paid on a monthly basis.

During the year ended September 30, 2012, proceeds of the new bond issue (see detail above) were used to legally defease \$12,595,000 of Series 2004 bonds and \$20,000,000 of Series 2008 bonds. The loss on this extinguishment totaling \$375,327 was presented in the operating expenses of the September 30, 2012 Statement of Operations.



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Note (10) Long-term Debt (Cont'd.)

During the year ended September 30, 2012, the Hospital issued through the City of Quincy, Illinois revenue bonds with a maximum principal amount of \$30,000,000 entitled City of Quincy, Adams County, Illinois Revenue Bonds, Series 2012B (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Proceeds are to be used for the acquisition, construction, and equipping of a patient care addition with borrowings drawn on the bonds as the project progresses. During the year ended September 30, 2012, \$2,845,000 was drawn on the bond issuance. Net proceeds from the draws were \$2,680,418. Proceeds were reduced by \$164,582 for legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet and are being amortized over the life of the bonds following the interest method. The bonds are collateralized by the patient care addition and a pledge of the Hospital's gross receipts. The Hospital intends to utilize approximately \$35 million of its cash and investments to cover additional construction costs of the patient care addition. Assuming the maximum principal amount is drawn on the bonds, bond maturities will be as follows:

	<u>Amount</u> <u>Series 2012B</u>	<u>Due</u> <u>November 15</u>	<u>Interest</u> <u>Rate</u>
\$	675,000	2020	*
	725,000	2021	
	775,000	2022	
	825,000	2023	
	875,000	2024	
	925,000	2025	
	975,000	2026	
	1,025,000	2027	
	1,075,000	2028	
	1,125,000	2029	
	1,175,000	2030	
	1,225,000	2031	
	1,275,000	2032	
	1,325,000	2033	
	1,625,000	2034	
	1,665,000	2035	
	1,700,000	2036	
	1,735,000	2037	
	1,775,000	2038	
	1,815,000	2039	
	1,855,000	2040	
	1,895,000	2041	
	<u>1,935,000</u>	2042	
\$	<u>30,000,000</u>		

\*Series 2012B bonds are variable rate bonds, thus, the interest rate is not presented. Through August 22, 2019, the bonds bear interest at an annual rate of 2.05% on drawn funds and 0.25% on undrawn funds. Interest is paid on a semiannual basis.

Note (10) Long-term Debt (Cont'd.)

During the year ended September 30, 2009, the Hospital issued through the City of Quincy, Illinois revenue bonds totaling \$22,000,000 entitled City of Quincy, Adams County, Illinois Variable Rate Demand Revenue Refunding Bonds, Series 2008 (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Net proceeds from the bond issue were \$21,641,040. Proceeds were reduced by \$358,960 for underwriter's discount and reimbursable expenses, legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet for the year ending September 30, 2011. As discussed above, these bonds were legally defeased during the year ended September 30, 2012. For the year ending September 30, 2012, the remaining unamortized costs for this bond issuance were written off as a loss on extinguishment of debt. The outstanding principal on these bonds at September 30, 2011 totaled \$20,600,000.

Under the 2008 loan agreement, the Hospital agreed to provide credit and liquidity support for the Series 2008 Bonds by securing an irrevocable transferable direct pay letter of credit with JP Morgan Chase, NA, which is referred to as the Reimbursement Agreement. The letter of credit was issued in the amount of \$22,245,918, which is comprised of a principal component of \$22,000,000 plus an interest component of \$245,918. On September 30, 2010, the letter of credit was renewed for a five year period in the amount of \$21,335,858, which is comprised of a principal component of \$21,100,000 plus an interest component of \$235,858. The letter of credit was terminated upon defeasance of the bonds.

The bonds were collateralized by a pledge of the Hospital's gross receipts. The fair market value of these bonds approximated \$20,600,000 at September 30, 2011. Fair values of the Hospital's revenue notes are based on current traded value. Interest was based on a variable rate and paid on the first business day of each month.

Note (10) Long-term Debt (Cont'd.)

During the year ended September 30, 2007, the Hospital issued through the City of Quincy, Illinois revenue bonds totaling \$47,575,000 entitled City of Quincy, Adams County, Illinois Revenue Refunding Bonds, Series 2007 (Blessing Hospital). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Net proceeds from the bond issue were \$48,850,181, consisting of \$47,575,000 principal and \$1,275,181 net original issue premium. Proceeds were reduced by \$570,296 for underwriter's discount and reimbursable expenses, legal and accounting fees, trustees' fees, financial printing costs, and rating agency charges. These costs are netted against long-term debt on the balance sheet and are being amortized over the life of the bonds following the interest method. The net original issue premium is being amortized as a reduction in interest expense over the life of the bonds. Following is a schedule of bond maturities:

	<u>Amount</u> <u>Series 2007</u>	<u>Due</u> <u>November 15</u>	<u>Interest</u> <u>Rate</u>
\$	2,735,000	2012	5.00%
	2,870,000	2013	5.00%
	3,015,000	2014	5.00%
	3,165,000	2015	5.00%
	3,320,000	2016	5.00%
	3,490,000	2017	5.00%
	3,660,000	2018	5.00%
	855,000	2019	5.00%
	900,000	2020	5.00%
	940,000	2021	5.00%
	990,000	2022	*
	1,040,000	2023	*
	1,095,000	2024	*
	1,145,000	2025	*
	1,205,000	2026	*
	1,265,000	2027	*
	1,325,000	2028	*
	<u>1,385,000</u>	2029	*
\$	<u>34,400,000</u>		

\* Various interest rates

The bonds are collateralized by a pledge of the Hospital's gross receipts. The fair market value of these bonds approximated \$36,705,816 and \$37,412,386 at September 30, 2012 and 2011, respectively. Fair values of the Hospital's revenue notes are based on current traded value. Interest is paid semi-annually on May 15 and November 15.

**Note (10) Long-term Debt (Cont'd.)**

During the year ended September 30, 2004, the Hospital issued through the City of Quincy, Illinois revenue bonds totaling \$15,000,000 entitled City of Quincy, Adams County, Illinois Adjustable Rate Demand Revenue Bonds, Series 2004 (Blessing Hospital Project). The interest income on these bonds is considered to be exempt from federal taxation for bond holders. Net proceeds from the bond issue were \$14,680,000. Proceeds were reduced by \$320,000 for underwriter's discount, cost of printing, fees for legal counsel, accountants and other costs. These costs are netted against long-term debt on the balance sheet for the year ending September 30, 2011. As discussed above, these bonds were legally defeased during the year ended September 30, 2012. For the year ending September 30, 2012, the remaining unamortized costs for this bond issuance were written off as a loss on extinguishment of debt. The outstanding principal on these bonds at September 30, 2011 totaled \$12,950,000.

Under the 2004 loan agreement, the Hospital agreed to provide credit and liquidity support for the Series 2004 Bonds by securing an irrevocable transferable direct pay letter of credit with JP Morgan Chase, NA, which is referred to as the Reimbursement Agreement. The most recent letter of credit was issued in the amount of \$13,767,190, which is comprised of a principal component of \$13,615,000 plus an interest component of \$152,190. On September 30, 2010, the letter of credit was renewed for a five year period in the amount of \$13,438,557, which is comprised of a principal component of \$13,290,000 plus an interest component of \$148,557. The letter of credit was terminated upon defeasance of the bonds.

The bonds were collateralized by a pledge of the Hospital's unrestricted receivables. The fair market value of these bonds approximated \$12,950,000 at September 30, 2011. Fair values of the Hospital's notes are based on current traded value. Interest is based on a variable rate and paid on the first business day of each month.

Under the terms of the 2012A, 2012B, 2008, 2007, and 2004 bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets whose use is limited in the financial statements. The indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding.

On October 1, 2011, Blessing Hospital entered into a financing agreement totaling \$643,400 for the renovation of the hospital cafeteria. The agreement is to be repaid in 48 monthly payments of principal and interest with an interest rate of 7.25%. At September 30, 2012, the Hospital owed \$499,547 on this note.

On September 30, 2010, Blessing Hospital entered into a financing agreement to purchase a surgery robot for \$2,120,000. The agreement is to be repaid in 48 monthly payments of principal and interest with an interest rate of 2.70%. The agreement is secured by the equipment purchased which has a carrying value of \$1,514,250 and \$1,817,143 at September 30, 2012 and 2011, respectively. At September 30, 2012 and 2011, the Hospital owed \$1,062,727 and \$1,572,977, respectively, on this note.

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Note (10) Long-term Debt (Cont'd.)

On October 31, 2006, Blessing Hospital borrowed \$13,000,000 to purchase an ambulatory surgery center. The loan was to be repaid in 240 monthly payments of principal and interest with an initial interest rate of 7.53%. The loan is collateralized by a pledge of the Hospital's unrestricted receivables. On August 12, 2008, the balance of the note was refinanced, and the interest rate was adjusted to 5.60%. The note was refinanced again on February 18, 2011. The remaining balance is to be repaid in 186 monthly payments at an initial interest rate of 5.00%. On February 18, 2021 the interest rate will be adjusted to the swap rate at that date plus 1.75%. The allocation of the original purchase price was \$12,630,277 for goodwill, \$152,285 for fixed assets, and \$217,438 for inventory. The goodwill is included in intangible assets and was being amortized over fifteen years. Beginning October 1, 2010, goodwill is no longer being amortized but rather periodically tested for impairment as required by FASB ASC 958-805. At September 30, 2012 and 2011, the Hospital owed \$10,622,684 and \$11,134,183, respectively, on this note.

Scheduled principal repayments on debt and payments on capital lease obligations for the next five years are as follows:

	Long-Term Debt	Capital Lease Obligations
2013	\$ 4,847,184	\$ 342,707
2014	4,798,848	368,641
2015	4,420,329	99,597
2016	4,497,778	57,436
2017	4,712,014	57,436
Later years	59,587,611	81,368
	<u>\$ 82,863,764</u>	<u>\$ 1,007,185</u>
Less unamortized deferred financing costs	<u>\$ (618,265)</u>	
	<u>\$ 82,245,499</u>	
Less amount representing interest under capital lease obligations		<u>\$ (93,248)</u>
		<u>\$ 913,937</u>

**Note (11) Related Party Transactions**

During the year ended September 30, 1983, the Hospital underwent a restructuring of its organization. As a result of that restructuring, the Hospital is now a member of a group of related organizations. Other members of the group and a summary of their functions are listed below:

**Blessing Corporate Services, Inc.** - serves as the parent organization in the structure and provides overall direction and control to all entities within the structure. During the year ended September 30, 2005, Blessing Corporate Services, Inc. began operating a division of practicing physicians. During the years ended September 30, 2012 and 2011, the Hospital transferred \$12,290,957 and \$12,400,482, respectively, to Blessing Corporate Services, Inc. During the years ended September 30, 2012 and 2011, Blessing Hospital paid a management fee to Blessing Corporate Services, Inc. in the amounts of \$6,140,051 and \$6,555,983, respectively. In addition, Blessing Corporate Services, Inc. leases administrative offices from the Hospital under a one year lease. Rent paid by Blessing Corporate Services, Inc. to the Hospital during the years ended September 30, 2012 and 2011 totaled \$48,300 and \$48,300, respectively.

**Blessing Affiliates, Inc.** - conducted health-related educational programs for the public and assumed responsibility for administration of professional education programs. Blessing Affiliates, Inc. also conducted a community outreach clinic. The entity was inactivated as of September 30, 2011 and its operations were assumed by Blessing Corporate Services, Inc.

**The Blessing Foundation, Inc.** - engages in fundraising to benefit the Hospital.

**Denman Services, Inc.** (a taxable corporation) - formed for investment purposes and is wholly owned by Blessing Corporate Services, Inc.

**Illini Health Services, LLC** - formed for investment purposes and is ninety-five percent (95%) owned by Denman Services, Inc. and five percent (5%) owned by BlessingCare Corporation - Illinois.

**BlessingCare Corporation - Missouri** - established during the year ended September 30, 1985. This entity is currently inactive.

**BlessingCare Corporation - Illinois** - established during the year ended September 30, 2000. The entity operates a not-for-profit hospital in Pittsfield, Illinois.

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Note (11) Related Party Transactions (Cont'd.)

Following is a summary of activity for the related organizations:

Year Ending	The Blessing Foundation, Inc. September 30 2012	BlessingCare Corporation dba Illini Community Hospital September 30 2012	Blessing Corporate Services, Inc. and Subsidiary September 30 2012
Assets	\$ <u>39,864,878</u>	\$ <u>14,685,481</u>	\$ <u>12,372,851</u>
Liabilities	\$ <u>8,300,968</u>	\$ <u>7,518,269</u>	\$ <u>5,056,018</u>
Equity	\$ <u>31,563,910</u>	\$ <u>7,167,212</u>	\$ <u>7,316,833</u>
Increase (Decrease) In Net Assets For Year	\$ <u>3,343,470</u>	\$ <u>1,742,776</u>	\$ <u>153,102</u>
Accounts receivable (payable) by Blessing Hospital from (to) related organizations at September 30, 2012	\$ <u>812,382</u>	\$ <u>61,282</u>	\$ <u>(31,220)</u>

\* As of January 31, 2002, Blessing Corporate Services, Inc. became the sole stockholder of Denman Services, Inc. and thus, records the investment in Denman Services, Inc. using the equity method of accounting. Accordingly, Blessing Corporate Services, Inc. and Subsidiary's financial information presented above includes the investment in Denman Services, Inc. and the resulting income from equity in earnings from the subsidiary.

\*\* Blessing Affiliates, Inc. and BlessingCare Corporation – Missouri are not presented above as there is no material financial activity.

Blessing Hospital has contracted with Denman Services, Inc. to provide biomedical services to the Hospital. The Hospital has paid Denman Services, Inc. \$923,369 and \$1,176,243 for these services for the years ended September 30, 2012 and 2011, respectively, under this contract. Denman Services, Inc. also provides linen services to Blessing Hospital. During the years ended September 30, 2012 and 2011, Blessing Hospital paid Denman Services, Inc. \$941,969 and \$989,648, respectively, for these services. In addition, Blessing Hospital in the course of its operations, purchases certain medical supplies from Denman Services, Inc. Amounts paid for these supplies totaled \$171,174 and \$166,491 for the years ended September 30, 2012 and 2011, respectively.

Denman Services, Inc. purchases various supplies, services, and health insurance from Blessing Hospital. Amounts paid for these services and supplies totaled \$1,151,385 and \$1,133,801 for the years ended September 30, 2012 and 2011, respectively. Denman also leases real estate from Blessing Hospital under various lease agreements. Rent paid by Denman to Blessing Hospital during the years ended September 30, 2012 and 2011 totaled \$85,099 and \$85,099, respectively.

Note (11) Related Party Transactions (Cont'd.)

During the years ended September 30, 2012 and 2011, Blessing Hospital received specific purpose grants as well as unrestricted grants from The Blessing Foundation, Inc. for the general support of the Hospital. The specific purpose grants totaled \$440,500 and \$400,000 for the years ended September 30, 2012 and 2011, respectively. The unrestricted grants totaled \$18,984 and \$70,000 for the years ended September 30, 2012 and 2011, respectively. During the years ended September 30, 2012 and 2011, respectively, \$357,207 and \$362,274 were released from restrictions and included in net assets released from restrictions and used for operations.

Blessing Hospital leases medical office space from The Blessing Foundation, Inc. The lease agreement provides for monthly rental payments of approximately \$20,000 with a 3% annual rent increase. The lease agreement expires on June 1, 2015. The Hospital also leases a clinic from The Blessing Foundation, Inc. The lease can be renewed until July 1, 2020 and calls for monthly payments of approximately \$6,000. The Hospital leases additional clinic space from The Blessing Foundation, Inc. through a lease that expires June 30, 2013 and calls for monthly rental payments of \$3,668. A portion of this space is subleased by the Hospital to an unrelated entity. Rent expense paid to The Blessing Foundation during the years ended September 30, 2012 and 2011 totaled \$306,544 and \$285,773, respectively.

Note (12) Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2012 and 2011:

	2012	2011	Change From Prior Year
Resident Education	\$ 25,384	\$ 26,270	\$ ( 886)
Hospice	335,000	235,000	100,000
Blessing Rieman College of Nursing	542,569	462,547	80,022
Eno Bequest	184,584	215,577	(30,993)
Hospital Program Needs and Community Health Improvement	1,925,114	1,721,018	204,096
<u>Total</u>	<u>\$ 3,012,651</u>	<u>\$ 2,660,412</u>	<u>\$ 352,239</u>

Permanently restricted net assets at September 30, 2012 and 2011 are restricted to:

	2012	2011	Change From Prior Year
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	\$ 1,697,273	\$ 203,802	\$ 1,493,471
<u>Total</u>	<u>\$ 1,697,273</u>	<u>\$ 203,802</u>	<u>\$ 1,493,471</u>



**Note (13) Concentrations Of Credit Risk**

Blessing Hospital maintains cash balances in several financial institutions in Quincy, Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At September 30, 2012 and 2011, Blessing Hospital had cash balances in excess of the basic FDIC limit of \$64,047,692 and \$33,082,354, respectively, which include outstanding checks. A portion of the excess cash balance is collateralized by a repurchase agreement. The repurchase agreement increased from \$15,000,000 to \$20,000,000 on December 21, 2010, to \$30,000,000 on September 19, 2011, and to \$35,000,000 on June 1, 2012. The Hospital does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents.

The Hospital routinely invests in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. Investments in money market funds are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

The Hospital is located in Quincy, Illinois. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

The mix of receivables from patients and third-party payors was as follows at September 30:

	<u>2012</u>		<u>2011</u>		<u>Change From Prior Year</u>	
Medicare	20	%	27	%	(7)	%
Medicaid	43		26		17	
Blue Cross	6		7		(1)	
Other Third-Party Payors	24		31		(7)	
Patient Responsibility	7		9		(2)	
	<u>100</u>	%	<u>100</u>	%	<u>-</u>	%

**Note (14) Non-Qualified Deferred Compensation Plan**

The Hospital also sponsors a 457(b) retirement plan for the benefit of a group of designated employees. The assets of the plan are subject to the general creditors of the Hospital; thus, the assets are reported as noncurrent assets on the balance sheet with a corresponding noncurrent liability.

The Hospital also sponsors a 457(f) retirement plan for the benefit of a group of designated employees. The Hospital has recorded a liability of \$1,440,000 and \$840,000 for the year ended September 30, 2012 and 2011, respectively, for this plan.

**Note (15) Functional Expenses**

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	Year Ended September 30		Change from
	2012	2011	Prior Year
Health care services	\$ 192,383,524	\$ 194,918,373	\$ (2,534,849)
General and administrative	65,365,445	56,587,638	8,777,807
Total	\$ 257,748,969	\$ 251,506,011	\$ 6,242,958

**Note (16) Fair Value Measurements**

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

**Cash and cash equivalents:** The carrying amount reported in the balance sheet for cash and cash equivalents approximates fair value based on their short-term nature.

**Accounts receivable:** The carrying value of accounts receivable approximates fair value due to their short-term nature and historical collectibility.

**Investments:** Fair values, which are the amounts reported in the balance sheet, are measured on a recurring basis using quoted market prices in active markets for identical assets (Level 1), if available. If Level 1 inputs are not available, amounts are estimated using quoted market prices in active markets for similar securities (Level 2) or measured using an external appraisal (Level 3). The net asset value of an underlying investment fund was used to determine the fair value amount of Level 2 investments shown below.

**Assets limited as to use:** These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the balance sheet is fair value.

**Accounts payable and accrued expenses:** The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates fair value due to the short-term nature of the obligations.

**Estimated third-party payor settlements:** The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates fair value.

**Long-term debt:** Fair values of the Hospital's bonds are based on current traded value. The fair value of the Hospital's remaining long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements (See Note 10).

Note (16) Fair Value Measurements (Cont'd.)

The carrying amounts and estimated fair values of the Hospital's financial instruments at September 30, 2012 and 2011 are as follows:

	September 30			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets:</b>				
Cash and cash equivalents	\$ 68,008,602	\$ 68,008,602	\$ 50,055,325	\$ 50,055,325
Patient accounts receivable	52,952,081	52,952,081	56,795,643	56,795,643
Short-term investments	87,030,095	87,030,095	75,684,455	75,684,455
Assets limited as to use	16,703,652	16,703,652	14,613,104	14,613,104
<b>Financial Liabilities:</b>				
Accounts payable and accrued expenses	42,061,147	42,061,147	37,395,831	37,395,831
Estimated third-party payor settlements	8,573,704	8,573,704	8,520,978	8,520,978
Long-term debt	83,159,436	85,425,252	84,121,169	85,269,976

The following are the major categories of assets measured at fair value on a recurring basis during the years ended September 30, 2012 and 2011, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
<b>September 30, 2012</b>				
Available-for-sale securities	\$ 100,042,441	\$ 2,384,306	\$ -	\$ 102,426,747
Investment in real property	-	-	1,457,000	1,457,000
<b>Total</b>	<b>\$ 100,042,441</b>	<b>\$ 2,384,306</b>	<b>\$ 1,457,000</b>	<b>\$ 103,883,747</b>
<b>September 30, 2011</b>				
Available-for-sale securities	\$ 87,396,612	\$ 2,648,446	\$ -	\$ 90,045,058
Investment in real property	-	-	287,501	287,501
<b>Total</b>	<b>\$ 87,396,612</b>	<b>\$ 2,648,446</b>	<b>\$ 287,501</b>	<b>\$ 90,332,559</b>

During the year ended September 30, 2012, an external appraisal of the investment in real property was obtained, resulting in a fair market value increase of \$1,169,499. This gain is reported on the Statement of Changes in Net Assets as an increase in permanently restricted net assets.

**Note (17) Operating Leases**

The Hospital has entered into several operating leases for equipment. The lease terms range from monthly leases to 120 months. Total rental expense for the period ended September 30, 2012 and 2011 was \$1,260,038 and \$1,439,332, respectively.

The following is a schedule of future minimum lease payments for the next five years:

2013	\$	1,941,345
2014		1,678,869
2015		1,670,188
2016		1,301,276
2017		<u>1,054,050</u>
<u>Total</u>	\$	<u>7,645,728</u>

**Note (18) Rental Income**

The Hospital leases various parcels of property to several businesses as well as individuals. Non-cancelable operating lease terms generally range from 36 to 120 months. Rental income was \$1,049,631 and \$1,190,702 for the years ended September 30, 2012 and 2011, respectively. Future minimum rental payments to be received on non-cancelable operating leases are contractually due as follows as of September 30, 2012:

2013	\$	691,839
2014		401,907
2015		-
2016		-
2017		<u>-</u>
<u>Total</u>	\$	<u>1,093,746</u>

**Note (19) Land Lease**

On April 1, 2004, Blessing Hospital entered into a land lease with MOB Development LLC. Blessing Hospital is leasing approximately 55,000 square feet of land to MOB Development LLC. MOB Development LLC constructed a medical office building on the land and is leasing the office space to Blessing Hospital, Blessing Corporate Services, Inc., other physicians, and other providers of health care related services.

**Note (20) Electronic Health Records Funding**

The Hospital recognizes revenue for incentives earned under the Medicare electronic health records program in the year in which all related contingencies are resolved, including whether the Hospital will comply with the applicable meaningful use requirements. Incentive payments received under the Medicare program include a discharge-related portion, which is calculated by Centers for Medicare & Medicaid Services based on the Hospital's most recently filed cost report. Such amounts are subject to adjustment at the time of settling the twelve month cost report for the Hospital's fiscal year. The Hospital achieved compliance with the Year 1 and Year 2 meaningful use requirements under the program during the years ended September 30, 2012 and 2011 and, accordingly, recognized auxiliary income of \$2,915,607 and \$2,445,324, respectively, in the accompanying statement of operations. At September 30, 2012, \$2,395,000 and \$2,445,324 of receivables related to this revenue were included in other current assets.

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**Note (21) Intangible Assets**

Intangible assets consisted of the following at September 30, 2012 and 2011:

	<u>As Of September 30</u>		<u>Change From</u>
	<u>2012</u>	<u>2011</u>	<u>Prior Year</u>
Goodwill	\$ 12,900,776	\$ 12,900,776	\$ -
Less: accumulated amortization	<u>(3,568,405)</u>	<u>(3,568,405)</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>9,332,371</u></b>	<b>\$ <u>9,332,371</u></b>	<b>\$ <u>-</u></b>

Deferred financing costs are netted against long term debt and consisted of the following at September 30, 2012 and 2011:

	<u>As Of September 30</u>		<u>Change From</u>
	<u>2012</u>	<u>2011</u>	<u>Prior Year</u>
Deferred financing costs	\$ 1,528,351	\$ 1,199,187	\$ 329,164
Less: accumulated amortization	<u>(910,086)</u>	<u>(457,766)</u>	<u>(452,320)</u>
<b>Total</b>	<b>\$ <u>618,265</u></b>	<b>\$ <u>741,421</u></b>	<b>\$ <u>(123,156)</u></b>

Amortization of intangible assets amounted to \$76,993 and \$124,740 for the years ended September 30, 2012 and 2011, respectively. During the year ended September 30, 2012, deferred financing costs totaling \$375,327 were expensed to loss on extinguishment of debt as a result of the refunding of bond issuances (See Note 10).

The following is a schedule of amortization of deferred financing costs for the next five years:

2013	\$ 53,864
2014	50,183
2015	46,317
2016	42,258
2017	<u>37,999</u>
<b>Total</b>	<b>\$ <u>230,621</u></b>

Advertising costs are expensed as incurred. Advertising expense totaled \$367,322 and \$383,164 for the years ended September 30, 2012 and 2011, respectively.

**Note (22) Endowment**

The Hospital's endowment consists of a pool of investments established to provide income for purposes related to the Hospital. The endowment includes donor-restricted endowment funds. In accordance with the FASB Accounting Standards Codification, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment balance is included in net assets limited as to use in the balance sheets.

Exhibit "E"  
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Note (22) Endowment (Cont'd)

For the year ended September 30, 2012, the Hospital had the following endowment related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 357,118	\$ 203,802	\$ 560,920
Investment Return:			
Investment Income	\$ 1,299	\$ -	\$ 1,299
Net Appreciation (Realized & Unrealized)	(209,662)	1,433,435	1,223,773
Total Investment Return	\$ (208,363)	\$ 1,433,435	\$ 1,225,072
Contributions	-	60,036	60,036
Appropriation of endowment assets for expenditure	(1,299)	-	(1,299)
Endowment Net Assets, End of Year	\$ 147,456	\$ 1,697,273	\$ 1,844,729

For the year ended September 30, 2011, the Hospital had the following endowment related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 364,590	\$ 203,802	\$ 568,392
Investment Return:			
Investment Income	\$ 1,970	\$ -	\$ 1,970
Net Appreciation (Realized & Unrealized)	(7,472)	-	(7,472)
Total Investment Return	\$ (5,502)	\$ -	\$ (5,502)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(1,970)	-	(1,970)
Endowment Net Assets, End of Year	\$ 357,118	\$ 203,802	\$ 560,920

Note (22) Endowment (Cont'd)Interpretation of Relevant Law

On June 30, 2009, the State of Illinois repealed UMIFA and enacted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA), which changes the standards for investing endowment funds and for determining amounts to be appropriated for expenditure. Management of the Hospital has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Hospital and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Hospital
- (7) The investment policy of the Hospital.

Return Objectives and Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets that attempt to maintain a sufficient liquidity to ensure the funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that meet or exceed (net of fees) the market index, or blended market index, as identified in the policy. The Hospital expects its endowment funds, over time, to provide an average rate of return of approximately 8.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy

The primary objective of the endowment is to provide support of the operating needs of the Hospital. Consequently, the Hospital's spending policy provides for discretionary appropriations of investment return.

Note (23) Reclassifications

Certain prior years' amounts have been reclassified to conform to current year presentation.