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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

<b>A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012</b>		<b>D Employer identification number</b> 37-0813229	
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		<b>E Telephone number</b> (309) 655-2850	
<b>C</b> Name of organization OSF Healthcare System		<b>G</b> Gross receipts \$ 1,877,671,105	
Doing Business As			
Number and street (or P O box if mail is not delivered to street address) Room/suite 800 NE GLEN OAK AVENUE			
City or town, state or country, and ZIP + 4 PEORIA, IL 616033200			
<b>F</b> Name and address of principal officer Daniel E Baker 800 NE Glen Oak Avenue Peoria, IL 61603		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
<b>J Website:</b> ▶ www.osfhealthcare.org		<b>H(c)</b> Group exemption number ▶ 0928	
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1880	
		<b>M</b> State of legal domicile IL	

Part I Summary			
Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities OSF Healthcare System is a Catholic Integrated health care delivery system. During FY2012, OSF operated 7 hospitals, 1 nursing home, 5 home health agencies, 4 hospices and employed approximately 590 physicians.		
	<b>2</b> Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	11
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	6
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .	<b>5</b>	14,993
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	1,793
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	6,000,284
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	20,962,768	53,637,086
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	1,679,394,636	1,752,743,785
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	35,856,767	36,513,922
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	28,146,582	32,275,538
		1,764,360,753	1,875,170,331
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . . .	2,211,639	1,895,004
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) . . . . .	791,991,821	919,657,664
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	100,336	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <u>4,826,047</u>		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	857,681,591	796,169,733
	<b>18</b> Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) . . . . .	1,651,985,387	1,717,722,401
	<b>19</b> Revenue less expenses. Subtract line 18 from line 12 . . . . .	112,375,366	157,447,930
Net Assets or Fund Balances		<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b> Total assets (Part X, line 16) . . . . .	2,267,817,172	2,418,704,402
	<b>21</b> Total liabilities (Part X, line 26) . . . . .	1,515,029,132	1,693,780,438
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 . . . . .	752,788,040	724,923,964

**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.

<b>Sign Here</b>	***** Signature of officer			2013-08-14 Date	
	Daniel E Baker CFO Type or print name and title				
<b>Paid Preparer's Use Only</b>	Preparer's signature  KPMG LLP		Date	Check if self-employed  	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4  KPMG LLP 191 West Nationwide Blvd Ste 500 Columbus, OH 432152568			EIN 	
				Phone no  (614) 249-2300	

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



Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization's mission

OSF HEALTHCARE SYSTEM IS A CATHOLIC INTEGRATED HEALTH CARE DELIVERY SYSTEM WHICH DURING ITS FISCAL YEAR 2012 OPERATED 7 HOSPITALS, 1 NURSING HOME until 2/1/13, 5 HOME HEALTH AGENCIES, 4 HOSPICES, AND EMPLOYED approximately 590 PHYSICIANS ALL PATIENTS ARE ACCEPTED REGARDLESS OF THEIR ABILITY TO PAY ALL FACILITIES, SERVICES, PHYSICIANS AND OTHER PROFESSIONAL STAFF OF OSF HEALTHCARE SYSTEM SERVE ALL PATIENTS WITHOUT REGARD TO RACE, RELIGION, AGE, SEX, NATIONAL ORIGIN, PAYER SOURCE OR ABILITY TO PAY THE BOARD OF DIRECTORS HAS ADOPTED CHARITY CARE POLICIES AND PROCEDURES WHICH APPLY FOR ALL FACILITIES AND SERVICES OF THE CORPORATION THE AVAILABILITY OF CHARITY CARE IS COMMUNICATED TO PATIENTS IN NUMEROUS WAYS, INCLUDING USE OF FINANCIAL COUNSELORS, PATIENT INFORMATION BROCHURES, AND NOTICES ON PATIENT BILLINGS CHARITY CARE APPLICATIONS AND INSTRUCTIONS ARE AVAILABLE ON WEBSITES MAINTAINED BY THE CORPORATION AND UPON A REQUEST MADE TO ANY OF THE CORPORATION'S FACILITIES OR OFFICES OSF

2

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

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code ) (Expenses \$ 597,321,092 including grants of \$ 1,800,066 ) (Revenue \$ 858,564,414 )

Inpatient services - SEE Schedule O

4b

(Code ) (Expenses \$ 468,492,064 including grants of \$ ) (Revenue \$ 670,837,699 )

Outpatient Services - SEE Schedule O

4c

(Code ) (Expenses \$ 240,763,556 including grants of \$ ) (Revenue \$ 88,570,927 )

Physician Services - SEE Schedule O

4d

Other program services (Describe in Schedule O )

(Expenses \$ 217,340,558 including grants of \$ 94,938 ) (Revenue \$ 163,793,268 )





















4e

Total program service expenses \$ 1,523,917,270



Part IV

Checklist of Required Schedules

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



Part IV

Checklist of Required Schedules (continued)

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



Part V Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>		
		YesNo
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . . . .	700
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	1cYes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return . . . . .	2a14,993
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2bYes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	3aYes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	3bYes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)? . . . . .	4aNo
b	If "Yes," enter the name of the foreign country <input type="text"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5aNo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5bNo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .	5c
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? . . . . .	6aNo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	6b
7	Organizations that may receive deductible contributions under section 170(c).	
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .	7aNo
b	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	7b
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	7cNo
d	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	7d
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	7eNo
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7fNo
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	7g
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	7h
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	8
9	Sponsoring organizations maintaining donor advised funds.	
a	Did the organization make any taxable distributions under section 4966? . . . . .	9a
b	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	9b
10	Section 501(c)(7) organizations. Enter	
a	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	10a
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b
11	Section 501(c)(12) organizations. Enter	
a	Gross income from members or shareholders . . . . .	11a
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . .	11b
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . . . .	12a
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	
a	Is the organization licensed to issue qualified health plans in more than one state? Note. 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	13a
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	13b
c	Enter the aggregate amount of reserves on hand	13c
14a	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	14aNo
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b



Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .		
1a	11		
b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	1b	6
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	No
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	Yes

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <b>IL</b>
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. <b>MR DANIEL BAKER 800 NE GLEN OAK AVE PEORIA, IL 61603 (309) 655-3638</b>



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) GERALD J MCSHANE MD Pres/CEO OSFMG, board member	40 0	X						523,501	0	49,298
(2) JAMES W GIRARDY MD BOARD MEMBER	3 0	X						26,566	0	0
(3) KEVIN D SCHOEPLEIN Vice Chairperson, CEO	40 0	X		X				1,014,672	0	561,494
(4) SISTER AGNES JOSEPH WILLIAMS OSF Assistant Secretary	40 0	X		X				0	4,480	0
(5) SISTER DIANE MARIE MCGREW OSF PRESIDENT/TREASURER	40 0	X		X				0	4,480	0
(6) SISTER JUDITH ANN DUVALL OSF Chairperson	40 0	X		X				0	4,480	0
(7) SISTER MARIA ELENA PADILLA OSF Board Member	40 0	X						0	0	0
(8) SISTER ROSE THERESE MANN OSF Board Member	40 0	X						0	0	0
(9) SISTER THERESA ANN BRAZEAU OSF Secretary	40 0	X		X				0	4,480	0
(10) SUSAN CAMPBELL Senior VP, Board Member	40 0	X						286,751	0	48,635
(11) VANCE C PARKHURST Senior Vice President	40 0	X						357,489	0	49,710
(12) DANIEL EBAKER Senior VP, Board Member	40 0			X				538,332	0	222,122
(13) DANIEL R FASSETT MD Physician, Neurosurgery	40 0					X		1,551,442	0	24,043
(14) FINN REIDER AMBLEMD Physician, Neurosurgery	40 0					X		1,040,622	0	42,216
(15) JEFFREY D KLOPFENSTEIN MD Physician, Neurosurgery	40 0					X		1,339,347	0	34,680
(16) SYED M HUSSAIN MD Physician, Vascular Surgery	40 0					X		1,033,643	0	37,443
(17) TRAVIS D RICHARDSON MD Physician, Orthopedics	40 0					X		1,137,689	0	24,616



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	<b>▼</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	<b>▼</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	<b>▼</b>	10,235,716	17,920	1,094,257

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 883

		Yes	No
<b>3</b>	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> . . . . .	<b>3</b> Yes	
<b>4</b>	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> . . . . .	<b>4</b> Yes	
<b>5</b>	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> . . . . .	<b>5</b>	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
UNIV OF IL COLLEGE OF MEDICINE PO BOX 4196 SPRINGFIELD, IL 627084196	TEACHING PHYSICIANS	18,817,065
HINSHAW CULBERTSON LLP 8142 Solutions Center Dr CHICAGO, IL 606778001	LEGAL	6,802,321
ASSOC ANESTHESIOLOGISTS SC 8600 N STATE RT 91 SUITE 250 PEORIA, IL 616159452	Anesthesiology Svs	2,777,291
ROCKFORD ANESTHESIOLOGISTS ASSOC 2202 HARLEM RD STE 200 LOVES PARK, IL 611112754	Anesthesiology Svs	1,704,850
CENTRAL IL PATHOLOGY SC PO BOX 9190 PEORIA, IL 616129190	PATHOLOGY SERVICES	1,349,461

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 ►58



Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues . . . . .	1b					
	c	Fundraising events . . . . .	1c					
	d	Related organizations . . . . .	1d	15,571,298				
	e	Government grants (contributions)	1e	19,604,379				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	18,461,409				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f . . . . .			53,637,086			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 900099	1,747,157,470	1,747,157,470			
	b	LAB	621500	3,915,931		3,915,931		
	c	COLLECTION FEE	900099	4,400		4,400		
	d	AFFILIATED PURCHASING PROGRAM	561499	1,575,411		1,575,411		
	e	INTEREST	900099	41,758		41,758		
	f	All other program service revenue		48,815		48,815		
	g	Total. Add lines 2a-2f . . . . .			1,752,743,785			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .					
				36,453,794			36,453,794	
4		Income from investment of tax-exempt bond proceeds . . .			0			
5		Royalties . . . . .			0			
6a		(i) Real		(ii) Personal				
		2,365,146						
		2,500,774						
		-135,628						
d		Net rental income or (loss) . . . . .			-135,628		-135,628	
7a		(i) Securities		(ii) Other				
				60,128				
				60,128				
d		Net gain or (loss) . . . . .			60,128		60,128	
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .						
a								
b		Less direct expenses . . . . .						
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 . . . . .							
c	Net income or (loss) from gaming activities . . .			0				
10a	Gross sales of inventory, less returns and allowances . . . . .							
a								
b	Less cost of goods sold . . . . .							
c	Net income or (loss) from sales of inventory . . .			0				
Miscellaneous Revenue		Business Code						
11a	TUITION	900099	10,211,097	10,211,097				
b	INCOME FROM JOINT VENTURES	900099	6,120,796	6,120,796				
c	PHYSICIANS/RNS/STAFF CONTRACT SERVICES	900099	4,391,610	4,391,610				
d	All other revenue . . . . .		11,687,663	8,299,020	413,969	2,974,674		
e	Total. Add lines 11a-11d . . . . .			32,411,166				
12	Total revenue. See Instructions . . . . .			1,875,170,331	1,776,179,993	6,000,284	39,352,968	



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	1,800,066	1,800,066		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	94,938	94,938		
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	3,081,090		3,081,090	
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	711,279,464	649,679,710	60,023,732	1,576,022
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	52,664,123	46,567,799	6,096,324	
9	Other employee benefits	104,032,672	96,782,784	7,249,888	
10	Payroll taxes	48,600,315	44,172,500	4,427,815	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	3,999,961	2,228,259	1,771,702	
c	Accounting	535,918	338,200	197,718	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	65,903,969	58,331,905	7,571,614	450
12	Advertising and promotion	7,225,005	6,870,895	258,406	95,704
13	Office expenses	9,840,338	8,811,297	996,188	32,853
14	Information technology	18,497,359	2,623,786	15,873,573	
15	Royalties	0			
16	Occupancy	15,321,161	14,639,052	674,629	7,480
17	Travel	5,743,556	4,524,526	1,199,186	19,844
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	2,688,391	1,892,853	776,826	18,712
20	Interest	42,616,001	247,762	42,368,239	
21	Payments to affiliates	-63,180,731	-55,412,970	-7,768,111	350
22	Depreciation, depletion, and amortization	76,191,295	62,380,358	13,810,937	
23	Insurance	20,946,488	20,873,918	72,570	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	SUPPLIES	264,392,742	263,653,241	354,789	384,712
b	EQUIP RENTAL & MAINT	149,390,282	137,226,797	11,787,399	376,086
c	BAD DEBT	82,075,923	82,075,923		
d	MEDICAID FEES	34,493,208	34,493,208		
e					
f	All other expenses	59,488,867	39,020,463	18,154,570	2,313,834
25	Total functional expenses. Add lines 1 through 24f	1,717,722,401	1,523,917,270	188,979,084	4,826,047
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation	1,478,645	1,317,714	159,709	1,222



Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			0	1	0
	2	Savings and temporary cash investments . . . . .			105,037,151	2	88,078,588
	3	Pledges and grants receivable, net . . . . .			7,224,184	3	9,660,264
	4	Accounts receivable, net . . . . .			332,073,347	4	437,391,995
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .			0	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 . . . . .			0	6	0
	7	Notes and loans receivable, net . . . . .			0	7	0
	8	Inventories for sale or use . . . . .			19,336,204	8	20,605,960
	9	Prepaid expenses and deferred charges . . . . .			6,570,936	9	6,604,229
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .	10a	1,911,724,814			
	b	Less: accumulated depreciation . . . . .	10b	1,089,388,655	812,776,075	10c	822,336,159
	11	Investments—publicly traded securities . . . . .			627,988,373	11	687,533,607
	12	Investments—other securities. See Part IV, line 11 . . . . .			0	12	0
	13	Investments—program-related. See Part IV, line 11 . . . . .			39,575,545	13	35,193,736
	14	Intangible assets . . . . .			6,631,798	14	6,631,798
	15	Other assets. See Part IV, line 11 . . . . .			310,603,559	15	304,668,066
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			2,267,817,172	16	2,418,704,402
Liabilities	17	Accounts payable and accrued expenses . . . . .			137,154,631	17	150,349,952
	18	Grants payable . . . . .			0	18	0
	19	Deferred revenue . . . . .			0	19	0
	20	Tax-exempt bond liabilities . . . . .			832,282,449	20	845,650,526
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties . . . . .			0	23	0
	24	Unsecured notes and loans payable to unrelated third parties . . . . .			0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .			545,592,052	25	697,779,960
	26	Total liabilities. Add lines 17 through 25 . . . . .			1,515,029,132	26	1,693,780,438
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 . . . . .			693,251,306	27	683,656,289
	28	Temporarily restricted net assets . . . . .			47,706,091	28	28,093,608
	29	Permanently restricted net assets . . . . .			11,830,643	29	13,174,067
	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 . . . . .			752,788,040	33	724,923,964
34	Total liabilities and net assets/fund balances . . . . .			2,267,817,172	34	2,418,704,402	



Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,875,170,331
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,717,722,401
3	Revenue less expenses Subtract line 2 from line 1	3	157,447,930
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	752,788,040
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-185,312,006
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	724,923,964

Part XII Financial Statements and Reporting

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

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



SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public  
Inspection

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

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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



Part II

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

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

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

Section C. Computation of Public Support Percentage		
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15
16a	<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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>



Part IIIPart III

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

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

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

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

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



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

Facts And Circumstances Test

Explanation



SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public  
Inspection

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

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

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

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

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

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

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

Part I-A

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

- 1
- Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
- 2
- Political expenditures ▶ \$
- 3
- Volunteer hours

Part I-B

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

- 1
- Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2
- Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3
- If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a
- Was a correction made? ☐ Yes ☐ No
- b
- If "Yes," describe in Part IV

Part I-C

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

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

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



Part II-A

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

- A

Check

☐

if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B

Check

☐

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					



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

		(a)		(b)
		Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	<b>a</b> Volunteers?		No	
	<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
	<b>c</b> Media advertisements?		No	
	<b>d</b> Mailings to members, legislators, or the public?	Yes		
	<b>e</b> Publications, or published or broadcast statements?		No	
	<b>f</b> Grants to other organizations for lobbying purposes?		No	
	<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		601,764
	<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	<b>i</b> Other activities? If "Yes," describe in Part IV		No	
	<b>j</b> Total lines 1c through 1i			601,764
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No		
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912				
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No		

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

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

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

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

**Part IV Supplemental Information**

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

Identifier	Return Reference	Explanation
Mailing Expenses	Part II-B, Line 1d	The only cost of mailing related to lobbying expenses related to the cost of stamps. The total expenditures related to mailing is minor and the actual dollar amount is not readily available.
Legislative Contacts	Part II-B, Line 1g	Schedule C, Part II-B, Line 1g includes lobbying expenses paid to various national health associations as part of dues and subscriptions in the amount of \$161,764. It also includes direct contact with legislators, their staffs, government officials, and legislative bodies relating to physician payment reform, medicare rural extenders, hospital and home care protection, SGR issue resolution, and maintaining hospital reimbursement rates. This amounted to \$440,000.



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  
OSF Healthcare System

Employer identification number  
37-0813229

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <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
- |    |        |
|----|--------|
|    | Amount |
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 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 . . . . .	17,139,873	7,390,433	5,655,845	2,718,442	
b Contributions . . . . .	2,735,884	10,371,045	1,551,108	2,914,621	
c Investment earnings or losses . . . . .	3,093,976	-557,661	526,674	32,954	
d Grants or scholarships . . . . .	-71,508	-63,944	-343,194	-10,172	
e Other expenditures for facilities and programs . . . . .	-33,103				
f Administrative expenses . . . . .					
g End of year balance . . . . .	22,865,122	17,139,873	7,390,433	5,655,845	

- 2

Provide the estimated percentage of the year end balance held as
- a

Board designated or quasi-endowment ▶ 61 580 %
- b

Permanent endowment ▶ 35 110 %
- c

Term endowment ▶ 3 310 %
- 3a

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

unrelated organizations . . . . .

(ii)

related organizations . . . . .
- b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- |        |     |    |
|--------|-----|----|
|        | Yes | No |
| 3a(i)  |     | No |
| 3a(ii) |     | No |
| 3b     |     |    |
- 4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		16,688,385		16,688,385
b Buildings . . . . .		994,939,468	425,668,581	569,270,887
c Leasehold improvements . . . . .		8,164,832	6,602,864	1,561,968
d Equipment . . . . .		831,058,499	638,915,091	192,143,408
e Other . . . . .		60,873,630	18,202,119	42,671,511
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				822,336,159







Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION		OSF adopted ASC Subtopic 740-10, Accounting for Uncertainty in Income Taxes - an interpretation of FASB statment No. 109. The interpretation addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, OSF must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures. As of September 30, 2011 and 2012, OSF does not have a liability for unrecognized tax benefits.
Part V, Line 4		The organization's endowment funds are used to provide scholarships to nursing students, acquire equipment and support programs of various medical departments of the OSF Healthcare System hospitals.



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**  
OSF Healthcare System

**Employer identification number**  
37-0813229

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 checked="" type="checkbox"/> 200%<input type="checkbox"/> Other _____ %</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 type="checkbox"/> 400%<input checked="" type="checkbox"/> Other <b>600. %</b></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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H				

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1) . . . . .			77,457,258		77,457,258	4 740 %
b Medicaid (from Worksheet 3, column a) . . . . .			257,400,636	221,639,700	35,760,936	2 190 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			334,857,894	221,639,700	113,218,194	6 930 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,288,193	117,289	1,170,904	0 070 %
f Health professions education (from Worksheet 5) . . . . .			54,576,370	21,793,030	32,783,340	2 000 %
g Subsidized health services (from Worksheet 6) . . . . .			33,807,326	16,124,886	17,682,440	1 080 %
h Research (from Worksheet 7) . . . . .			1,389,616	128,248	1,261,368	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			1,723,692		1,723,692	0 110 %
j <b>Total</b> Other Benefits . . . . .			92,785,197	38,163,453	54,621,744	3 340 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			427,643,091	259,803,153	167,839,938	10 270 %



Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			23,621		23,621	
8Workforce development						
9Other						
10Total			23,621		23,621	

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	225,002,874	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	
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)	5449,317,154	
6	Enter Medicare allowable costs of care relating to payments on line 5	6537,565,329	
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7-88,248,175	
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	
9b	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.	9bYes	

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 %
1NONE				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				



## Section A. Hospital Facilities

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

## 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)

Saint Francis Medical Center

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 200 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes



Part V

Facility Information (continued)

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

Billing and Collections

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



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

St Anthony Medical Center

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	
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 200 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes



Part V

Facility Information (continued)

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

Billing and Collections

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



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

St Joseph Medical Center

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 200 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes



Part V

Facility Information (continued)

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

Billing and Collections

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



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

St Mary Medical Center

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 200 % 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>350</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 type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input checked="" type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

St Francis Hospital

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 200 % 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>350</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 type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

SAINT JAMES HOSPITAL

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 200 % 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>350</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 type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input checked="" type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

OSF HOLY FAMILY MEDICAL CENTER

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 200 % 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>350</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 type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input checked="" type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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



Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	Yes	
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	Yes	



Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 39

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	



Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
PART I, LINE 3C		THE CORPORATION PROVIDES FREE CARE AND DISCOUNTED CARE TO HOSPITAL PATIENTS AND ALL OTHER PATIENTS IN THE FOLLOWING WAYS - FREE CHARITY CARE FOR PATIENTS WHOSE FAMILY INCOME IS LESS THAN 200% OF FEDERAL POVERTY GUIDELINES (FPG) FOR THEIR FAMILY SIZE - DISCOUNTED CHARITY CARE ON A SLIDING SCALE FOR PATIENTS WHOSE FAMILY INCOME IS BETWEEN 200% AND 600% OF FPG FOR THEIR FAMILY SIZE - CATASTROPHIC CHARITY CARE REGARDLESS OF INCOME OR ASSET LEVELS FOR MEDICALLY NECESSARY SERVICES WHICH EXCEED 25% OF ANNUAL FAMILY INCOME NO PATIENT PAYS MORE THAN 25% OF ANNUAL FAMILY INCOME IN A 12-MONTH PERIOD REGARDLESS OF INCOME OR ASSET LEVELS - 20% DISCOUNT FOR ALL UNINSURED PATIENTS WHO ARE NOT OTHERWISE ELIGIBLE FOR FREE, DISCOUNTED, OR CATASTROPHIC CHARITY CARE - ALL PATIENTS RECEIVE THE GREATEST DISCOUNT AVAILABLE UNDER ANY OF THESE PROGRAMS NO ASSET TESTS ARE USED - EXCEPT AS OTHERWISE NOTED, THESE POLICIES APPLY BOTH TO UNINSURED PATIENTS AND TO INSURED PATIENTS WITH RESPECT TO THE PATIENT RESPONSIBILITY AMOUNT



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



Identifier	ReturnReference	Explanation
PART I, LINE 7G		NET COSTS (TOTAL EXPENSE LESS REVENUE) OF THIRTEEN PHYSICIAN CLINICS ARE INCLUDED AS SUBSIDIZED HEALTH SERVICES ON PART I, LINE 7g SUCH NET COSTS TOTAL \$5,666,600



Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN F		BAD DEBT EXPENSE IN THE AMOUNT OF \$82,075,923 IS INCLUDED ON FORM 990, PART IX, LINE 24c, COLUMN (A), BUT WAS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES IN SCHEDULE H, PART I, LINE 7, COLUMN (F)



Identifier	ReturnReference	Explanation
PART III, LINE 4		<p>IN GENERAL, AND IN ACCORDANCE WITH MEDICARE REGULATIONS, PATIENT ACCOUNT BALANCES ARE WRITTEN OFF TO BAD DEBT EXPENSE AFTER REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED AND THE ACCOUNT HAS BEEN SENT TO A COLLECTION AGENCY OR LAW FIRM Patients' accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectibility of patients' accounts receivable, OSF analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, OSF analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary For receivables associated with patient responsibility(which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the patients are screened against the OSF charity care policy and uninsured discount policy For any remaining patient responsibility balance, OSF records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates(or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts Bad debt expense of \$82,075,923 on Form 990, Part IX, Line 24c is based upon accrual accounting required by generally accepted accounting principles This amount consequently differs from the bad debt expense of \$25,002,874 on Schedule H, Part III, Line 2 which requires the organization to report aggregate bad debt at cost BAD DEBT EXPENSE REPORTED ON PART III, LINE 2 IS therefore CALCULATED BY MULTIPLYING GROSS CHARGES WRITTEN OFF TO BAD DEBT EXPENSE TIMES THE RATIO OF PATIENT CARE COST-TO-CHARGES DERIVED FROM WORKSHEET 2 DISCOUNTS, INCLUDING ANY APPLICABLE THIRD PARTY PAYER CONTRACTUAL ALLOWANCES AND ANY CHARITY CARE DISCOUNTS (VALUED AT GROSS CHARGES), ARE APPLIED TO PATIENT ACCOUNT GROSS CHARGES TO DETERMINE THE ACCOUNT BALANCE BEFORE PATIENT PAYMENTS THE AGGREGATE AMOUNT OF ALL PATIENT PAYMENTS IS THEN APPLIED TO THE ACCOUNT BALANCE WHEN DETERMINATION IS MADE THAT NO FURTHER AMOUNTS CAN BE COLLECTED IN ACCORDANCE WITH THE CORPORATION'S BAD DEBT POLICY, THE REMAINING BALANCE IS WRITTEN OFF TO BAD DEBT EXPENSE THE CORPORATION UTILIZES A PRESUMPTIVE CHARITY PROCEDURE FOR ALL PATIENTS WHO FAIL TO PROVIDE FINANCIAL INFORMATION NORMALLY CONSIDERED IN MAKING CHARITY ELIGIBILITY DETERMINATIONS BUT FOR WHOM THE CORPORATION IS ABLE TO OBTAIN COMPARABLE INFORMATION FROM INDEPENDENT SOURCES, INCLUDING CONTRACT SERVICE PROVIDERS WHO COMPILE CREDIT BUREAU AND OTHER INFORMATION WHEN SUCH INDEPENDENT VERIFICATION OF A PATIENT'S FINANCIAL INFORMATION IS OBTAINED, THE CORPORATION APPLIES THE SAME CHARITY DISCOUNT IT WOULD HAVE PROVIDED IF THE PATIENT HAD COMPLETED A CHARITY APPLICATION AND SUBMITTED SUCH FINANCIAL INFORMATION SUCH PRESUMPTIVE CHARITY DETERMINATIONS MAY BE MADE AT ANY TIME THE NECESSARY FINANCIAL INFORMATION BECOMES AVAILABLE TO THE CORPORATION, AND PATIENTS ARE NOTIFIED IN WRITING OF THE CHARITY DISCOUNT AMOUNTS SO DETERMINED AND APPLIED THEREFORE, THE CORPORATION DOES NOT BELIEVE THAT BAD DEBT EXPENSE REPORTED ON PART III, LINE 3 INCLUDES ANY AMOUNTS THAT REASONABLY COULD BE ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY QUALIFY UNDER THE CORPORATION'S CHARITY CARE POLICY</p>



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



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



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



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



Identifier	ReturnReference	Explanation
amounts billed to uninsured or underinsured individuals	part v, line 19d	<p>Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center THE HOSPITAL DETERMINED THE AMOUNTS BILLED TO INDIVIDUALS WHO DID NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE IN THE FOLLOWING WAYS THE AMOUNT BILLED TO THE INDIVIDUAL WAS THE LOWEST AMOUNT DETERMINED UNDER ANY OF THE FOLLOWING METHODS WHICH APPLY TO THE INDIVIDUAL - FOR ILLINOIS RESIDENTS WHO INCUR GROSS CHARGES IN EXCESS OF \$300 FOR ANY ONE INPATIENT ADMISSION OR OUTPATIENT ENCOUNTER, WHO APPLY FOR FINANCIAL ASSISTANCE, AND WHO'S FAMILY INCOME IS 600% OR LESS OF THE FEDERAL POVERTY GUIDELINE FOR THEIR FAMILY SIZE, THE AMOUNT BILLED IS CALCULATED BY MULTIPLYING GROSS CHARGES TIMES THE HOSPITAL'S COST TO CHARGE RATIO DETERMINED FROM ITS MOST RECENTLY FILED MEDICARE COST REPORT AND THEN MULTIPLYING THAT PRODUCT TIMES 135% - THE AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY UNINSURED PATIENT WHO APPLIES AND DOES NOT OTHERWISE QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE IS LIMITED TO 80% OF GROSS CHARGES - THE MAXIMUM AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY PATIENT WHO APPLIES FOR FINANCIAL ASSISTANCE DOES NOT EXCEED 25% OF FAMILY INCOME -The maximum charge to any patient who qualifies for financial assistance under the hospital's charity policy will not exceed the average dollar amount which would be payable(including any patient or plan participant responsibility amount) for the same services under the terms of the three contracts in effect between the OSF facility providing medical care and private insurance companies on the first day of the fiscal year in which the patient's discharge occurs and which result in the lowest payment amounts No insurance company contract which includes provisions for interim payments subject to later reconciliation shall be included in the calculation of the maximum charge The amount billed to a patient eligible for charity assistance under this policy will be less than the amount of the gross charges St Francis Hospital THE HOSPITAL DETERMINED THE AMOUNTS BILLED TO INDIVIDUALS WHO DID NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE IN THE FOLLOWING WAYS THE AMOUNT BILLED TO THE INDIVIDUAL WAS THE LOWEST AMOUNT DETERMINED UNDER ANY OF THE FOLLOWING METHODS WHICH APPLY TO THE INDIVIDUAL - THE MAXIMUM AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY PATIENT WHO MEETS THE ELIGIBILITY CRITERIA OF THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY DOES NOT EXCEED 25% OF FAMILY INCOME DESCRIPTION AND REQUIRMENTS OF FINANCIAL ASSISTANCE POLICY ARE FOUND IN OSF HEALTHCARE SYSTEM POLICY AC-31 - THE AMOUNT BILLED FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE TO ANY UNINSURED PATIENT WHO APPLIES BUT DOES NOT OTHERWISE QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE IS LIMITED TO 92 5% OF GROSS CHARGES</p>



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



Identifier	ReturnReference	Explanation
patients charged amount equal to the gross charge for services provided	part v, line 21	<p>Saint Francis Medical Center, St Anthony Medical Center, St Joseph Medical Center, St Mary Medical Center, Saint James Hospital, OSF Holy Family Medical Center THE HOSPITAL CHARGED ITS PATIENTS AN AMOUNT EQUAL TO GROSS CHARGES IN THE FOLLOWING CIRCUMSTANCES - PATIENTS RECEIVING ELECTIVE MEDICAL SERVICES OTHER THAN EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, SUCH AS ELECTIVE COSMETIC SURGERY PERFORMED TO IMPROVE ONE'S APPEARANCE AND NOT RELATED TO A TRAUMA OR DISFIGURATION - UNINSURED PATIENTS WHO DID NOT QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE AND WHO FAILED TO REQUEST THE 20% DISCOUNT OFFERED BY THE HOSPITAL TO ALL SUCH PATIENTS WHO REQUEST THE DISCOUNT [THE HOSPITAL'S BILLING SYSTEM IS NOT CAPABLE OF AUTOMATICALLY APPLYING THIS DISCOUNT] - PATIENTS WHOSE MEDICAL BILLS ARE THE RESPONSIBILITY OF A THIRD PARTY PURSUANT TO A CLAIM BROUGHT BY THE PATIENT AGAINST THE THIRD PARTY, SUCH ANOTHER DRIVER IN AN AUTO ACCIDENT St Francis Hospital THE HOSPITAL CHARGED ITS PATIENTS AN AMOUNT EQUAL TO GROSS CHARGES IN THE FOLLOWING CIRCUMSTANCES - PATIENTS RECEIVING ELECTIVE MEDICAL SERVICES OTHER THAN EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, SUCH AS ELECTIVE COSMETIC SURGERY PERFORMED TO IMPROVE ONE'S APPEARANCE AND NOT RELATED TO A TRAUMA OR DISFIGURATION - UNINSURED PATIENTS WHO DID NOT QUALIFY FOR FINANCIAL OR CHARITY ASSISTANCE AND WHO FAILED TO REQUEST THE 7 5% DISCOUNT OFFERED BY THE HOSPITAL TO ALL SUCH PATIENTS WHO REQUEST THE DISCOUNT [THE HOSPITAL'S BILLING SYSTEM IS NOT CAPABLE OF AUTOMATICALLY APPLYING THIS DISCOUNT] - PATIENTS WHOSE MEDICAL BILLS ARE THE RESPONSIBILITY OF A THIRD PARTY PURSUANT TO A CLAIM BROUGHT BY THE PATIENT AGAINST THE THIRD PARTY, SUCH ANOTHER DRIVER IN AN AUTO ACCIDENT</p> <p>Schedule H - Part VI - 2 - Needs Assessment The corporation commenced work during its fiscal year 2012 on conducting a community health needs assessment for each of its hospitals, as required by section 501(r)(3) of the code That work effort continued into the corporation's fiscal year 2013 The final community health needs assessment for each of the corporation's hospitals was approved and adopted by the corporation's board of directors on July 29, 2013</p>



Identifier	ReturnReference	Explanation
Schedule H - Part VI - 3 - Patient Education of Eligibility for assistance		THE CORPORATION INFORMS AND EDUCATES PATIENTS AND PERSONS WHO ARE BILLED FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER GOVERNMENT PROGRAMS AND THE CORPORATION'S CHARITY ASSISTANCE POLICY IN THE FOLLOWING WAYS - SIGNS ARE POSTED IN PATIENT REGISTRATION AREAS (INCLUDING EMERGENCY DEPARTMENT REGISTRATION) INFORMING PATIENTS OF THE AVAILABILITY OF CHARITY ASSISTANCE AND THE AVAILABILITY OF FINANCIAL ASSISTANCE REPRESENTATIVES - PRINTED BROCHURES ARE DISTRIBUTED TO PATIENTS AT REGISTRATION INFORMING THEM OF THE AVAILABILITY OF CHARITY ASSISTANCE (FOR BOTH INSURED AND UNINSURED PATIENTS), FINANCIAL ASSISTANCE REPRESENTATIVES (INCLUDING CONTACT INFORMATION), AND UNINSURED PATIENT DISCOUNTS - A NOTICE OF AVAILABILITY OF THE CORPORATION'S CHARITY CARE AND UNINSURED PATIENT DISCOUNT POLICIES IS PROMINENTLY AVAILABLE ON THE CORPORATION'S WEB SITE (AND SEPARATE WEB SITES OF ITS HOSPITAL FACILITIES) THE APPLICATION FORM WITH INSTRUCTIONS IS AVAILABLE FOR DOWNLOAD - A NOTE REGARDING THE AVAILABILITY OF CHARITY AND FINANCIAL ASSISTANCE (TOGETHER WITH CONTACT PHONE NUMBERS) APPEARS ON EVERY PATIENT BILL AND STATEMENT - FINANCIAL ASSISTANCE COUNSELORS ARE AVAILABLE IN PERSON AND BY PHONE TO ASSIST PATIENTS IN COMPLETING CHARITY AND FINANCIAL ASSISTANCE APPLICATIONS AND IN DETERMINING ELIGIBILITY AND APPLYING FOR GOVERNMENT PROGRAM BENEFITS, INCLUDING MEDICAID - THE CORPORATION'S CHARITY CARE POLICY IS FILED WITH THE ILLINOIS ATTORNEY GENERAL AND IS AVAILABLE TO THE PUBLIC



Identifier	ReturnReference	Explanation
Schedule H - Part VI - 4 - Community Information		<p>Saint Francis Medical Center is located in Peoria County in Illinois and serves those in the counties of Peoria, Tazewell, and Woodford. Peoria County is a metropolitan statistical area and its population in 2010 was 186,494. For Peoria County, the median household income in 2010 was \$49,819 and the percent of persons below poverty level was 15.4%. Tazewell County is a metropolitan statistical area and its population in 2010 was 135,394. For Tazewell County, the median household income in 2010 for was \$54,078 and the percent of persons below poverty level was 8.5%. Woodford County is a metropolitan statistical area and its population in 2010 was 38,664. For Woodford County, the median household income in 2010 was \$65,342 and the percent of persons below poverty level was 7.2%. Saint Anthony Medical Center is located in Winnebago County. Winnebago County is a metropolitan statistical area and its population in 2010 was 295,266. For Winnebago County, the median household income in 2010 was \$45,611 and the percent of persons below poverty level was 12.7%. St. Joseph Medical Center is located in McLean County in Illinois. McLean County is a metropolitan statistical area and its population in 2010 was 169,572. For McLean County, the median household income in 2010 was \$58,365 and the percent of persons below poverty level was 11%. Saint James-John W. Albrecht Medical Center is located in Livingston County in Illinois. Livingston County is a metropolitan statistical area and its population in 2010 was 38,950. For Livingston County, the median household income in 2010 was \$53,745 and the percent of persons below poverty level was 11.0%. St. Mary Medical Center is located in Knox County in Illinois. Knox County is a metropolitan statistical area and its population in 2010 was 52,919. For Knox County, the median household income in 2010 was \$38,535 and the percent of persons below poverty level was 15.5%. Holy Family Medical Center is located in Warren County in Illinois. Warren County is a metropolitan statistical area and its population in 2010 was 17,707. For Warren County, the median household income in 2010 was \$42,773 and the percent of persons below poverty level was 13.4%. St. Francis Hospital is located in Delta County in Michigan. Delta County is a metropolitan statistical area and its population in 2010 was 37,069. For Delta County, the median household income in 2010 was \$40,496 and the percent of persons below poverty level was 12.7%.</p>



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



Identifier	ReturnReference	Explanation
Schedule H - Part VI - 5 - PROMOTION OF COMMUNITY HEALTH		<p>THE CORPORATION'S SPONSORING ORGANIZATION IS A RELIGIOUS CONGREGATION OF THE ROMAN CATHOLI C CHURCH KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS IN ACCORDANCE WITH CANON LAW OF THE ROMAN CATHOLIC CHURCH AND FEDERAL TAX LAW APPLICABLE TO SUPPORTING ORGANIZATION S, A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE CORPORATION ARE PROFESSED ME MBERS OF THE SPONSORING RELIGIOUS CONGREGATION EACH HOSPITAL OPERATED BY THE CORPORATION HAS A COMMUNITY ADVISORY BOARD CONSISTING OF MEMBERS OF THE COMMUNITY WHO ARE NOT DIRECTOR S, OFFICERS, OR CONTRACTORS OF THE CORPORATION EXCEPT FOR HOSPITAL DEPARTMENTS WHICH HAVE BEEN CLOSED, OR IN WHICH CLINICAL PRIVILEGES HAVE BEEN RESTRICTED, FOR CLINICAL OR QUALIT Y OF CARE REASONS BY ACTIONS OF THE HOSPITAL'S MEDICAL STAFF AND THE BOARD OF DIRECTORS, T HE CORPORATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNI TIES THE CORPORATION'S SURPLUS FUNDS WERE USED DURING ITS FISCAL YEAR ENDED SEPTEMBER 30, 2012 FOR IMPROVEMENTS IN PATIENT CARE, MEDICAL EDUCATION, AND RESEARCH IN THE FOLLOWING WAYS - CAPITAL EXPENDITURES OF APPROXIMATELY \$98,753,262 WERE MADE DURING THE FISCAL YEAR FOR CONSTRUCTION AND RENOVATION OF PATIENT CARE FACILITIES AND ACQUISITION OF MEDICAL EQUI PMENT AND OTHER EQUIPMENT USED IN PATIENT CARE AND RELATED SUPPORT SERVICES - THE CORPORA TION INCURRED NET COSTS (EXPENSES MINUS REVENUES) OF APPROXIMATELY \$26,131,047 DURING THE FISCAL YEAR FOR ACCREDITED PHYSICIAN RESIDENCY PROGRAMS AND NET COSTS OF APPROXIMATELY \$5, 216,791 FOR UNDERGRADUATE AND GRADUATE NURSING EDUCATION PROGRAMS SEE SCHEDULE O, FORM 99 0, PART III, LINE 4D FOR A DESCRIPTION OF SUCH PROGRAMS - THE CORPORATION INCURRED NET CO STS (EXPENSES MINUS REVENUES) OF APPROXIMATELY \$1,261,367 DURING THE FISCAL YEAR FOR CLINI CAL RESEARCH PROGRAMS AND ACTIVITIES ALL OF THE CORPORATION'S HOSPITALS MEET THE REQUIREM ENTS OF REVENUE RULING 69-545 BY - OPERATING EMERGENCY DEPARTMENTS WHICH ARE STAFFED 24 H OURS PER DAY BY QUALIFIED PHYSICIANS AND OTHER MEDICAL PERSONNEL AND WHICH ARE OPEN TO ALL PERSONS WITHOUT REGARD TO ABILITY TO PAY - HAVING MEDICAL STAFFS WHICH ARE OPEN TO ALL Q UALIFIED PHYSICIANS, MID-LEVEL PROVIDERS, PODIATRISTS, AND DENTISTS IN THE COMMUNITY (EXCE PT WHERE RESTRICTED IN RARE CASES FOR CLINICAL QUALITY REASONS BY ACTION OF THE MEDICAL ST AFF AND THE BOARD OF DIRECTORS) - ACCEPTING MEDICARE, MEDICAID AND OTHER GOVERNMENT PROGR AM PATIENTS - ACCEPTING ALL PATIENTS, INCLUDING UNINSURED PATIENTS, WITHOUT REGARD TO THE IR ABILITY TO PAY - USING SURPLUS FUNDS TO IMPROVE THEIR FACILITIES, EQUIPMENT, PATIENT C ARE, MEDICAL TRAINING, EDUCATION, AND RESEARCH AS DESCRIBED ABOVE THE FOLLOWING PROVIDES A SUMMARY OF SERVICES FOR EACH OSF HOSPITAL Saint Francis Medical Center ("Saint Francis Medical Center") is a 609 licensed bed tertiary acute care teaching hospital located near downtown Peoria, Illinois Saint Francis Medical Center operates several hospital-based ou tpatient facilities in and around Peoria, Illinois In addition to its regular hospital ac creditation, Saint Francis Medical Center has received disease specific certification from The Joint Commission for its primary stroke network and its myocardial infarction and acu te coronary syndrome programs The University of Illinois College of Medicine at Peoria, founded in 1970, maintains its primary teaching affiliation with Saint Francis Medical Cent er and has established 11 fully accredited residency programs and 2 fully accredited fello wship programs at Saint Francis Medical Center Currently, 196 residents and fellows are i n training at Saint Francis Medical Center In addition to providing the full range of pri mary, secondary and tertiary services, Saint Francis Medical Center provides certain speci alized services, including Level I (highest level) trauma services, life flight helicopter transport services (using the helicopters owned by OSF Aviation), adult and pediatric ope n heart surgery, pancreas and kidney transplantation services, neurosurgery and neurology, Level III (highest level) perinatal services, radiation oncology (including gamma knife a nd the Varian Trilogy unit), and specialized services of the Children's Hospital of Illino is (which is operated as a part of Saint Francis Medical Center) Saint Anthony Medical Ce nter ("Saint Anthony") is a 254 licensed bed acute care hospital located on the east side of Rockford, Illinois Saint Anthony provides primary, secondary and tertiary care Saint Anthony provides certain specialized services, including Level 1(highest level) Trauma ser vices, helicopter services (using helicopters owned by OSF Aviation), adult open heart sur gery, a regional burn unit, neurosurgery, and neurology, and radiation oncology (including varian true beam and stereotactic radio-surgery) St Joseph Medical Center ("St Joseph" ) in Bloomington, Illinois, and OSF Saint James-John W Albrecht Medical Center ("Saint Ja mes") in Pontiac, Illinois are located approximate</p>



Identifier	ReturnReference	Explanation
Schedule H - Part VI - 5 - PROMOTION OF COMMUNITY HEALTH		ly 35 miles apart and serve partially overlapping markets St Joseph is a 137 licensed ac ute care bed and 12 bed skilled nursing care hospital located on the east side of Blooming ton, Illinois St Joseph provides primary, secondary and tertiary care, including open he art surgery Saint James has 42 licensed acute care beds which are also Medicare swing bed approved This hospital facility is located on the west side of Pontiac, Illinois, near I nterstate 55 Saint James is the only acute care hospital located in Livingston County, Il linois St Mary Medical Center ("St Mary") in Galesburg, Illinois, and OSF Holy Family M edical Center ("Holy Family") in Monmouth, Illinois are located approximately 19 miles apa rt and serve partially overlapping markets Residents of Monmouth and its surrounding area s frequently travel to Galesburg to receive health care services St Mary is a 90 license d bed acute care hospital located on the northeast side of Galesburg, Illinois In additio n to primary and secondary care, including diagnostic cardiac catheterization services, St Mary has designations from the State of Illinois as a Level II Trauma Center, a Trauma N etwork Resource Hospital, a Level II perinatal center and a Hemophilia Emergency Treatment Center Holy Family is a 23 licensed acute bed facility located in Monmouth, Illinois All of its acute beds are also Medicare approved swing beds St Francis Hospital ("St Fran cis Hospital") is a 25 licensed bed critical access hospital located on the west side of E scanaba, Michigan As the only hospital in Delta County, Michigan, St Francis Hospital pr ovides a range of inpatient and outpatient hospital, diagnostic, therapeutic and ancillary services



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



Identifier	ReturnReference	Explanation
ALL STATES WHICH ORGANIZATION FILES A COMMUNITY BENEFIT REPORT		IL, MI



## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 37-0813229  
**Name:** OSF Healthcare System

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

[illegible]



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

[illegible]



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  
OSF Healthcare System

Employer identification number  
37-0813229

Part I

General Information on Grants and Assistance

- 1

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

Yes

No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. 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) Heartland Community Health1701 W Garden Street Peoria,IL 61605	37-1270794	501(c)(3)	750,000				support of clinic operations
(2) Quality Quest for Heart of Illinois416 Main St Ste 717 Peoria,IL 61602	26-3896631	501(c)(3)	200,000				SUPPORT OF ORG OPERATIONS
(3) Five Points Washington360 N Wilmor Road Washington,IL 61571	36-4141385	501(c)(3)	100,000				SUPP EFFORT TO INC WELLNESS
(4) Peoria Riverfront Museum1125 West Lake Avenue Peoria,IL 61614	27-2920016	501(c)(3)	500,000				SUPPORT OPER FOR COMM EDU
(5) Illinois Heart & Lung Foundation1302 Franklin Ave Normal,IL 61761	37-1400057	501(c)(3)	6,000				SUPP WOMMENS HEALTH NIGHT PROG
(6) Catholic Charities USA PO Box 7044 ROCKFORD,IL 61125	36-2181998	501(C)(3)	50,000				SUPP FEEDING CHILDREN PROG
(7) Peoria Park District2218 N Prospect Road Peoria,IL 61603	37-1368760	501(C)(3)	100,000				SUPP PROG TO ENCOURAGE EXERCISE

2

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

7

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) SCHOLARSHIPS	88	94,938			

Part IV

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

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



Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

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  
OSF Healthcare System

Employer identification number  
  
37-0813229

Part I

Questions Regarding Compensation

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



**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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) DANIEL R FASSETT MD	(i) (ii)	473,500 0	1,060,907 0	17,035 0	24,043 0	12 0	1,575,497 0	0 0
(2) FINN REIDER AMBLEMD	(i) (ii)	698,447 0	305,000 0	37,175 0	27,004 0	15,230 0	1,082,856 0	0 0
(3) GERALD J MCSHANE MD	(i) (ii)	395,061 0	68,673 0	59,767 0	37,500 0	11,877 0	572,878 0	0 0
(4) JAMES MOORE	(i) (ii)	111,824 0	1,179,429 0	94,409 0	0 0	0 0	1,385,662 0	0 0
(5) JEFFREY D KLOPFENSTEIN MD	(i) (ii)	473,501 0	851,648 0	14,198 0	20,000 0	14,692 0	1,374,039 0	0 0
(6) KEVIN D SCHOEPLEIN	(i) (ii)	774,705 0	141,989 0	97,978 0	545,173 0	16,373 0	1,576,218 0	0 0
(7) SUSAN CAMPBELL	(i) (ii)	205,606 0	28,687 0	52,458 0	37,282 0	11,405 0	335,438 0	0 0
(8) SYED M HUSSAIN MD	(i) (ii)	297,846 0	685,844 0	49,953 0	22,763 0	14,691 0	1,071,097 0	0 0
(9) TRAVIS D RICHARDSON MD	(i) (ii)	684,759 0	416,879 0	36,051 0	15,008 0	9,620 0	1,162,317 0	0 0
(10) VANCE C PARKHURST	(i) (ii)	268,667 0	35,015 0	53,807 0	38,357 0	11,432 0	407,278 0	0 0
(11) DANIEL EBAKER	(i) (ii)	410,341 0	51,874 0	76,117 0	208,368 0	13,806 0	760,506 0	0 0



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

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

Identifier	Return Reference	Explanation
Schedule J, Part I, Line 1a		THE CORPORATION REIMBURSES CERTAIN EXECUTIVES FOR SOCIAL CLUB DUES PAID BY SUCH EXECUTIVES. ELIGIBILITY FOR CLUB DUES REIMBURSEMENT IS DETERMINED BY THE HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS AND IS TAKEN INTO CONSIDERATION BY THE COMMITTEE IN DETERMINING FAIR MARKET COMPENSATION. SEE FORM 990 - SCHEDULE O - PART VI - LINES 15A AND 15B FOR AN EXPLANATION OF THE ROLE OF THE HUMAN RESOURCES COMMITTEE AND THE MANNER IN WHICH FAIR MARKET COMPENSATION IS DETERMINED. CLUB DUES ARE NOT ELIGIBLE FOR REIMBURSEMENT IF THE CLUB IN QUESTION DISCRIMINATES ON THE BASIS OF RACE, RELIGION, SEX, NATIONAL ORIGIN, OR OTHER PROHIBITED FACTORS. DUES REIMBURSEMENT IS TREATED AND REPORTED AS TAXABLE COMPENSATION. Schedule J, Part I, Line 3. See explanation in Schedule O, Part VI, Line 15a for details regarding the process to establish the compensation of the organization's CEO. Schedule J, Part I, Line 4b. OSF healthcare System has a deferred compensation plan for select key executives. This plan was developed to assist with attracting and retaining certain key executives in the corporation. The plan is designed to encourage the participants to stay until a certain retirement date. If the participants terminate prior to their target retirement date, they forfeit what is in the plan.



Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
OSF Healthcare System

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Employer identification number  
37-0813229

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Illinois Finance Authority	86-1091967	45200B8E1	08-29-2007	461,801,780	See Schedule O		X		X		X
B Illinois Finance Authority	86-1091967	45200FWD7	03-31-2009	249,074,230	See Schedule O		X		X		X
C Illinois Finance Authority	86-1091967		08-18-2009	70,000,000	See Schedule O		X		X		X
D Illinois Finance Authority	86-1091967	45200f3r8	06-29-2010	158,535,888	SEE SCHEDULE O		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0		0	
2	Amount of bonds defeased	0		0		0		0	
3	Total proceeds of issue	461,801,780		249,074,230		70,000,000		158,535,888	
4	Gross proceeds in reserve funds	24,898,348		12,276,530		0		15,337,813	
5	Capitalized interest from proceeds	0		0		0		0	
6	Proceeds in refunding escrow	127,425,737		233,334,384		0		115,936,745	
7	Issuance costs from proceeds	12,165,772		3,240,846		0		2,080,292	
8	Credit enhancement from proceeds	0		0		0		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	285,706,088		0		70,000,000		28,000,000	
11	Other spent proceeds	0		0		0		0	
12	Other unspent proceeds	0		0		0		0	
13	Year of substantial completion	2010		2010				2010	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X			X	X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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



Part III

Private Business Use (Continued)

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

Part 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		X
2	Is the bond issue a variable rate issue?	X		X		X			X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		X
b	Name of provider	Merrill Lynch		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?	X							
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?	X			X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		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 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  
OSF Healthcare System**Employer identification number**

37-0813229

Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4A	INPATIENT SERVICES	OSF HEALTHCARE SYSTEM OWNS AND OPERATES ACUTE CARE HOSPITALS IN ESCANABA, MICHIGAN, ROCKFORD, ILLINOIS, PONTIAC, ILLINOIS, BLOOMINGTON, ILLINOIS, PEORIA, ILLINOIS, GALESBURG, ILLINOIS, AND MONMOUTH, ILLINOIS, AND OWNED AND OPERATED ONE LONG-TERM CARE FACILITY IN PEORIA HEIGHTS, ILLINOIS until it was sold on February 1, 2013 AS OF THE CLOSE OF THE REPORTING PERIOD ON SEPTEMBER 30, 2012, THESE EIGHT FACILITIES HAD A COMBINED TOTAL OF 1,396 LICENSED INPATIENT AND RESIDENT BEDS AND OPERATED A COMBINED TOTAL OF 1,363 STAFFED INPATIENT AND RESIDENT BEDS THEY HAD COMBINED TOTALS OF 60,044 INPATIENT AND RESIDENT DISCHARGES AND 307,806 INPATIENT AND RESIDENT DAYS, INCLUDING 10,077 NEWBORN INPATIENT DAYS THE SEVEN ACUTE CARE HOSPITALS COLLECTIVELY SERVED 48 COUNTIES THEY HAD A COMBINED TOTAL OF APPROXIMATELY 2,133 PHYSICIANS ON THEIR MEDICAL STAFFS, INCLUDING APPROXIMATELY 1,271 PHYSICIANS ON THEIR ACTIVE OR ASSOCIATE MEDICAL STAFFS TWO OF THE HOSPITALS ARE SOLE COMMUNITY HOSPITALS AND two are CRITICAL ACCESS HOSPITALS THE CORPORATION'S HOSPITALS OFFER A BROAD RANGE OF INPATIENT SERVICES THREE OF THE HOSPITALS PROVIDE OPEN HEART SURGERY SERVICES, TWO OFFER LEVEL II NEONATAL SERVICES, ONE OFFERS LEVEL III NEONATAL SERVICES (HIGHEST LEVEL), AND ONE OFFERS KIDNEY AND PANCREAS ORGAN TRANSPLANT SERVICES THE CORPORATION HAS ORGANIZED AND OPERATES COMPREHENSIVE CARDIAC AND STROKE CARE NETWORKS IN CENTRAL AND NORTHERN ILLINOIS AND OPERATES THE ONLY COMPREHENSIVE CHILDREN'S HOSPITAL IN CENTRAL ILLINOIS



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4B	OUTPATIENT SERVICES	THE SEVEN ACUTE CARE HOSPITALS OWNED AND OPERATED BY OSF HEALTHCARE SYSTEM COLLECTIVELY PROVIDED 1,009,030 OUTPATIENT VISITS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012, INCLUDING 50,937 OUTPATIENT SURGERY VISITS BUT EXCLUDING EMERGENCY DEPARTMENT VISITS. THE CORPORATION'S HOSPITALS OFFER A BROAD RANGE OF OUTPATIENT THERAPEUTIC AND DIAGNOSTIC SERVICES, INCLUDING OUTPATIENT SURGERY AND ADVANCED MEDICAL IMAGING.



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4C	Physcian Services	PHYSICIANS EMPLOYED BY OSF HEALTHCARE SY STEM PROVIDED 967,351 OFFICE VISITS (NOT INCLUDING SERVICES PROVIDED TO HOSPITAL INPATIENTS AND OUTPATIENTS) AT OFFICES IN 74 SEPARATE LOCATIONS THROUGHOUT CENTRAL AND NORTHERN ILLINOIS AND THE UPPER PENINSULA OF MICHIGAN



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	Home Health Services	(EXPENSES \$48,589,211 INCLUDING GRANTS OF \$NONE)(REVENUE \$43,818,098) THE five HOME HEALTH AGENCIES OWNED AND OPERATED BY THE CORPORATION COLLECTIVELY SERVE 32 COUNTIES IN ILLINOIS AND MICHIGAN, ENROLLED 24,518 HOME HEALTH PATIENTS, AND PROVIDED 179,135 HOME HEALTH VISITS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012 THE Four HOSPICE PROGRAMS OWNED AND OPERATED BY THE CORPORATION COLLECTIVELY SERVE 35 COUNTIES IN ILLINOIS AND MICHIGAN, ENROLLED 1,862 HOSPICE PATIENTS, AND PROVIDED 94,474 HOSPICE DAYS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	EMERGENCY DEPARTMENT SERVICES	(EXPENSES \$73,333,883 INCLUDING GRANTS OF \$ NONE) (REVENUE \$88,819,744) ALL OF THE SEVEN ACUTE CARE HOSPITALS OF THE CORPORATION PROVIDE 24-HOUR EMERGENCY DEPARTMENT SERVICES ALL ARE STAFFED BY PHYSICIANS WHO ARE PREDOMINANTLY (BUT NOT ENTIRELY) CERTIFIED IN EMERGENCY MEDICINE BY NATIONAL SPECIALTY BOARDS THE EMERGENCY DEPARTMENTS OF THE CORPORATION'S ACUTE CARE HOSPITALS PROVIDED 207,850 PATIENT VISITS DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	RESIDENCY PROGRAMS	(EXPENSES \$42,368,717 INCLUDING GRANTS OF \$ NONE) (REVENUE \$100,324) OSF HEALTHCARE SYSTEM HAS ENTERED INTO A MAJOR AFFILIATION AGREEMENT WITH THE UNIVERSITY OF ILLINOIS PROVIDING SIGNIFICANT FINANCIAL AND TEACHING SUPPORT FOR PHYSICIAN RESIDENCY AND FELLOWSHIP PROGRAMS SPONSORED BY THE UNIVERSITY THE CORPORATION EMPLOYED 201 RESIDENTS AND FELLOWS IN THESE PROGRAMS DURING THE REPORTING PERIOD



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	COLLEGES OF NURSING PROGRAMS	(EXPENSES \$11,270,296 INCLUDING GRANTS OF \$94,938) (REVENUE \$10,611,057) TWO OF THE CORPORATION'S HOSPITALS OPERATE ACCREDITED COLLEGES OF NURSING WHICH AWARD BACCALAUREATE, MASTERS, AND DOCTORATE DEGREES THERE WERE 2,013 ENROLLEES IN THESE PROGRAMS DURING THE THREE SEMESTERS FALLING WITHIN THE REPORTING PERIOD (FALL 2011, SPRING 2012, AND SUMMER 2012)



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	TRAUMA SERVICES (LEVEL 1)	(EXPENSES \$8,751,802 INCLUDING GRANTS OF \$ NONE) (REVENUE \$1,232,982) TWO OF THE CORPORATION'S SEVEN HOSPITALS HAVE BEEN DESIGNATED AS LEVEL I (HIGHEST LEVEL) TRAUMA CENTERS, AND TWO HAVE BEEN DESIGNATED AS LEVEL II TRAUMA CENTERS. LEVEL I TRAUMA CENTERS ARE CONTINUOUSLY STAFFED WITH IN-HOUSE TRAUMA SURGEONS, ANESTHESIA PROVIDERS, AND OTHER SPECIALIZED HEALTH CARE PROFESSIONALS IN ORDER TO PROVIDE IMMEDIATE TRAUMA SURGERY AND OTHER TREATMENT SERVICES TO TRAUMA PATIENTS. THE EXPENSES ABOVE REFLECT THESE STAFFING COSTS. LEVEL I TRAUMA CENTERS ALSO HAVE SPECIAL RESPONSIBILITIES FOR FORMING AND CARRYING OUT AREA-WIDE DISASTER PREPAREDNESS AND EMERGENCY RESPONSE PLANS AND FOR COORDINATING AREA-WIDE TRAUMA SERVICES IN THE EVENT OF MAJOR DISASTERS.



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	EMS FLIGHT & GROUND TRANSPORT SERVICES	(EXPENSES \$19,464,792 INCLUDING GRANTS OF \$ NONE) (REVENUE \$12,869,567) THE CORPORATION PROVIDES EMERGENCY HELICOPTER TRANSPORT SERVICES TO PATIENTS IN NORTHERN AND CENTRAL ILLINOIS USING A FLEET OF FOUR EMS CONFIGURED HELICOPTERS 2,396 EMS HELICOPTER PATIENT TRANSPORTS WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012 A SUBSIDIARY OF THE CORPORATION PROVIDES GROUND AMBULANCE PATIENT TRANSPORT SERVICES IN NORTHERN ILLINOIS 7,810 GROUND AMBULANCE PATIENT TRANSPORTS PLUS 3,334 WHEELCHAIR PATIENT TRANSPORTS WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	COMMUNITY CLINIC, Outreach, and Other Educational PROGRAMS	<p>(EXPENSES \$6,679,145 INCLUDING GRANTS OF \$ NONE) (REVENUE \$2,284,015) OSF COMMUNITY PRENAT AL CLINIC - BLOOMINGTON, ILLINOIS THIS CLINIC SERVES UNINSURED AND UNDERINSURED PREGNANT WOMEN IN THE BLOOMINGTON-NORMAL, ILLINOIS COMMUNITIES AND SURROUNDING AREA THE CLINIC PRO VIDES SPANISH-SPEAKING STAFF TO ASSIST PATIENTS WHO HAVE LANGUAGE BARRIERS PRENATAL SERVI CES AND DELIVERIES WERE PROVIDED TO 48 WOMEN DURING THE REPORTING PERIOD ENDED SEPTEMBER 3 0, 2012 OSF SISTERS COMMUNITY HEALTHCARE CLINICS - PEORIA, ILLINOIS THIS CLINIC IS A PRI MARY CARE HOSPITAL BASED RESIDENCY CLINIC WHERE UNINSURED AND UNDERINSURED PATIENTS OF ALL AGES ARE SEEN BY RESIDENT PHY SICIANS UNDER THE DIRECTION OF AN ATTENDING PHY SICIAN PROFE SSIONAL SERVICES INCLUDE ADULT INTERNAL MEDICINE, PEDIATRIC AMBULATORY CARE, AND OBSTETRIC S/GYNECOLOGY OTHER SERVICES INCLUDE X-RAY, LABORATORY , SONOGRAPHY, COUMADIN MANAGEMENT, A DULT AND PEDIA TRIC SOCIAL SERVICES, AND FINANCIAL ADVISORY SERVICES 23,332 PATIENT VISITS WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012 PARISH NURSING PROGRA M- PEORIA, ILLINOIS THIS PROGRAM PROVIDES PROFESSIONAL SUPERVISION AND CLINICAL SUPPORT FOR VOLUNTEER NURSES WHO FURNISH MEDICAL SCREENING, EDUCATION AND NURSING SERVICES TO MEMB ERS OF CHURCH CONGREGATIONS IN AND AROUND PEORIA, ILLINOIS PERINATAL OUTREACH PROGRAM - P EORIA, ILLINOIS THIS PROGRAM PROVIDES PROFESSIONAL EDUCATION AND TRAINING TO CLINICIANS I N COMMUNITY HOSPITALS THROUGHOUT CENTRAL ILLINOIS REGARDING CLINICALLY APPROPRIATE MANAGEM ENT AND REFERRAL OF WOMEN WITH HIGH RISK PREGNANCIES 1,038 HOURS OF EDUCATION AND TRAININ G WERE PROVIDED DURING THE REPORTING PERIOD ENDED SEPTEMBER 30, 2012 COMMUNITY TRAINING C ENTER - ROCKFORD, ILLINOIS AND PEORIA, ILLINOIS THE COMMUNITY TRAINING CENTERS PROVIDE TR AININ G TO THE PUBLIC SO THEY ARE PREPARED TO DO BASIC LIFE SUPPORT IN AN EMERGENCY CLASSE S INCLUDE CPR CERTIFICATION AND TRAINING FOR THE AMERICAN HEART ASSOCIATION CERTIFICATIONS SUCH AS BASIC LIFE SUPPORT AND ADVANCED LIFE PARAMEDICAL EDUCATION - ROCKFORD, ILLINOIS THIS PROGRAM PROVIDES BASIC AND CONTINUING EDUCATION AT VARIOUS EMERGENCY MEDICAL TECHNIC IAN (EMT) LEVELS TO OVER 2,500 EMTS WHO SERVE IN THEIR HOME COMMUNITIES EMT EDUCATION - P EORIA, ILLINOIS THIS INCLUDES CLASSES PROVIDED TO THE AMBULANCE AND RESCUE SQUADS OF THE CENTRAL ILLINOIS AREA FOR THE TRAINING AND UPDATING OF THE EMPLOYEES AND VOLUNTEERS OF THE SQUADS THIS SERVICE PROVIDES HUNDREDS OF HOURS OF ONGOING TRAINING THROUGHOUT THE REGION TO FIRST RESPONDERS MEDICAL TECH EDUCATION - ROCKFORD, ILLINOIS AND PEORIA, ILLINOIS AT PEORIA THIS IS A YEAR LONG PROGRAM FOR SCIENCE MAJOR STUDENTS THAT WILL BECOME TECHNICIAN S IN A HOSPITAL LAB THIS IS A REQUIRED PROGRAM FOR THE STUDENTS TO COMPLETE THE BACHELOR' S DEGREE AND BE ABLE TO FUNCTION IN THE LAB THERE ARE USUALLY TEN STUDENTS PER YEAR ROCK FORD'S CLINICAL LAB HAS AN EXCLUSIVE AFFILIATION WITH THE NORTHERN ILLINOIS UNIVERSITY CLINICAL LABORATORY SCIENCE PROGRAM THE LAB SERVES AS A CLINICAL TRAINING SITE FOR FOUR STUD ENTS ANNUALLY WHO COMPLETE A 33-WEEK CLINICAL ROTATION WHERE THEY ARE ONSITE FOR 24 HOURS EACH WEEK RADIOLOGY TECH EDUCATION - PEORIA, ILLINOIS THIS IS A TWO YEAR PROGRAM FOR STU DENTS THAT WISH TO BECOME IMAGING TECHNICIANS IN ANY OF SEVERAL AREAS (DIAGNOSTIC, MRI, CT , SONS, ETC) UPON GRADUATION THE STUDENT IS ABLE TO PROVIDE THE PROCEDURES IN A CLINICAL SETTING THERE ARE APPROXIMATELY TWENTY STUDENTS PER YEAR DIETETIC EDUCATION - PEORIA, IL LINOIS THIS IS A YEAR LONG PROGRAM THAT IS REQUIRED FOR A STUDENT TO BECOME A REGISTERED DIETITIAN THE STUDENTS ARE PROVIDED TRAINING IN THE PREPARATION OF DIETS, COUNSELING, RES EARCH, AND EXPOSURE TO THE OPERATIONS OF A FOOD SERVICE AREA THERE ARE APPROXIMATELY TEN STUDENTS PER YEAR OTHER PROGRAM SERVICES (EXPENSES \$6,882,712 INCLUDING GRANTS OF \$ NONE) (REVENUE \$4,057,481) Form 990 - Part VI - Line 1a By adopting certain provisions of the corporate bylaw s, the board of directors has delegated broad authority to the executive co mmittee of the board The bylaw s provide that the executive committee shall be authorized to take such action as may be necessary on behalf of the corporation during periods w hen t he board of directors is not in session FORM 990 - PART VI - LINE 4 On April 30, 2012, OS F Healthcare System (OSF) became the sole corporate member of Ottawa Regional Hospital &amp; Healthcare Center d/b/a OSF Saint Elizabeth Medical Center (SEMC) an Illinois not-for-profi t corporation SEMC ow ns all of the capital stock of Ottawa Regional Healthcare Affiliates , Inc and Ottawa Regional Hospital Auxiliary SEMC is the sole member of Ottawa Regional Hospital Foundation and has a 57% ow nership in Radiation Oncology of Northern Illinois, LL C (RONI) RONI is consolidated by SEMC Ottawa Regional Healthcare Affiliates, Inc (ORHA) is an Illinois for-profit corporation, was incorporated in 2008, and is w holly ow ned by S EMC ORHA is a holding company and does not itself</p>



Identifier	Return Reference	Explanation
FORM 990 - PART III - LINE 4D	COMMUNITY CLINIC, Outreach, and Other Educational PROGRAMS	operate any businesses. ORHA is the sole stockholder of Ottawa Regional Medical Center, Inc (ORMC) and Ottawa Regional Cardinal Sleep Center, LLC (ORCSC) and 50% owner of Ottawa Regional DMC, LLC (DME). ORHA has not made any initial capital contributions to ORCSC and DME and there have been no operations within these entities at September 30, 2012.



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



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



Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 9		JAMES W GIRARDY , M D 5666 East State Street ROCKFORD, IL 61108 JAMES MOORE 4405 W LONGMEADOW CT PEORIA, IL 61615



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



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



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



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



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



Identifier	Return Reference	Explanation
FORM 990 - PART VI - LINE 19		THE CORPORATION MAKES ITS ARTICLES OF INCORPORATION, CORPORATE BYLAWS, AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC UPON REQUEST. ALL REQUESTS ARE FORWARDED TO THE CORPORATE LEGAL DIVISION, WHICH THEN PROVIDES COPIES OF THE REQUESTED DOCUMENTS IN THE MANNER REQUESTED (IF SUCH DELIVERY METHOD IS AVAILABLE TO THE CORPORATION). IN ADDITION, THE CORPORATION'S ARTICLES OF INCORPORATION ARE PUBLICLY AVAILABLE FROM THE OFFICE OF THE ILLINOIS SECRETARY OF STATE OR FROM THE RECORDER OF DEEDS IN WOODFORD COUNTY, ILLINOIS, SITE OF THE CORPORATION'S REGISTERED OFFICE. FINANCIAL STATEMENTS OF THE CORPORATION ARE PUBLICLY AVAILABLE ON THE ELECTRONIC MUNICIPAL MARKET ACCESS (EMMA) WEBSITE OF THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) AND FROM THE ILLINOIS ATTORNEY GENERAL AS PART OF THE CORPORATION'S COMMUNITY BENEFIT REPORT. FORM 990 - PART VII - Section A Reportable compensation in Part VII was determined from a review of payroll queries from the Organization's and related organization's payroll and general ledger modules, yearly payroll reports, and W-2 filings.



Identifier	Return Reference	Explanation
FORM 990 - PART XI - LINE 5	OTHER CHANGES IN FUND BALANCE INCLUDE	CHANGE IN UNREALIZED MARKET VALUE OF SWAPS (4,017,477) NET ASSETS RELEASED FROM RESTRICTION (29,093,369) UNREALIZED GAIN/LOSS 45,222,754 UNREALIZED GAIN/LOSS - RESTRICTED 1,842,997 INCREASE IN PERMANETLY RESTRICTED ASSETS 9,005,812 REVERSAL OF MINIMUM PENSION LIABILITY (130,781,385) SFI & SUBSIDIARY INCOME (407,191) CHANGE IN MARKET VALUE OF TRUSTEE ACCOUNTS 4,163,325 MINORITY INTEREST (2,823,822) INVESTMENT IN HEALTHCARE MIDWEST (17,227,232) EQUITY TRANSFERS (37,337,192) EARLY EXTINGUISHMENT OF DEBT (11,340,591) TRANSFER TO PARENT (200,000) TRANSFER TO OTTAWA (12,318,635) ----- TOTAL CHANGES IN NET ASSETS OR FUND BALANCE (185,312,006)



Identifier	Return Reference	Explanation
SCHEDULE K - PART I- BOND ISSUES		<p>ILLINOIS FINANCE AUTHORITY - 08/29/2007 Cusip# 45200B8E1 THE CORPORATION USED THE PROCEEDS OF THE SERIES 2007 BONDS, TOGETHER WITH CERTAIN OTHER AVAILABLE FUNDS, INCLUDING PROCEEDS FROM THE SALE OF THE AUCTION BONDS AND THE variable RATE BONDS, TO (I) FINANCE OR REFINANCE THE COST OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, (II) PAY CAPITALIZED INTEREST WITH RESPECT TO A PORTION OF THE SYSTEMWIDE BONDS, (III) FUND DEBT SERVICE RESERVE FUNDS FOR CERTAIN OF THE SYSTEMWIDE BONDS, (IV) REFINANCE THE PRIOR INDEBTDEDNESS DESCRIBED BELOW AND (V) PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SYSTEMWIDE BONDS AND THE REFINANCING</p> <p>ILLINOIS FINANCE AUTHORITY - 03/31/2009 Cusip# 45200FWD7, 4500FWG0, 45200FWE5, 45200FWF2 THE CORPORATION USED THE PROCEEDS OF THE SY STEMWIDE BONDS, TOGETHER WITH CERTAIN OTHER AVAILABLE FUNDS, TO (I) REFINANCE AND REDEEM THE PRIOR BONDS DESCRIBED BELOW, (II) FUND A DEBT SERVICE RESERVE FUND FOR THE SERIES 2009 BONDS, AND (III) PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SY STEMWIDE BONDS AND THE REFINANCING</p> <p>ILLINOIS FINANCE AUTHORITY - 08/18/2009 NO CUSIP# THE CORPORATION USED THE PROCEEDS OF THE SERIES 2009EFG TO PAY OR REIMBURSE THE CORPORATION FOR THE PROJECTS</p> <p>ILLINOIS FINANCE AUTHORITY - 06/29/2010 CUSIP# 45200F3R8 THE CORPORATION USED THE PROCEEDS OF THE SERIES 2010A BONDS, TOGETHER WITH CERTAIN OTHER AVAILABLE FUNDS, TO (i) REFINANCE AND REDEEM ON OR ABOUT AUGUST 2, 2010, THE ILLINOIS HEALTH FACILITY AUTHORITY VARIABLE DEMAND REVENUE BONDS, SERIES 1985B (REVOLVING FUND POOLED FINANCING PROGRAM) AND ILLINOIS FINANCE AUTHORITY VARIABLE RATE REVENUE BONDS, SERIES 2001 IN THE AMOUNT OF \$75,000,000 AND \$46,050,000, RESPECTIVELY, ON OR ABOUT SEPTEMBER 17, 2010, THE ILLINOIS FINANCE AUTHORITY REVENUE BONDS, SERIES 2007D IN THE AMOUNT OF \$20,050,000, (ii) PAY OR REIMBURSE THE CORPORATION FOR THE PROJECT, (iii) FUND A DEBT SERVICE RESERVE FUND FOR THE SERIES 2010A BONDS, AND PAY CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2010A BONDS AND THE REFINANCING OF THE SERIES 1985B BONDS, THE SERIES 2001 BONDS AND THE SERIES 2007D BONDS</p> <p>The Corporation used the proceeds of the Series 2012 bonds to (i) pay or reimburse the corporation or ottawa regional hospital &amp; healthcare center for the costs of the project, (ii) advance refund all of the illinois finance authority revenue bonds, series 2004, (iii) current refund a portion of the illinois finance authority insured variable rate demand revenue bonds, series 2007f, (iv) currently refund all of the illinois finance authority variable rate demand revenue bonds, series 2007g, (v) advance refund a portion of the illinois finance authority revenue bonds, series 2009a, (vi) currently refund all of the illinois finance authority revenue bonds, series 2009f, (vii) refinance the pnc bank loan, and (viii) pay certain expenses incurred in connection w ith the issuance of the bonds and the refunding of the prior bonds and pnc bank loan</p>



Identifier	Return Reference	Explanation
SCHEDULE K - PART II - LINE 7	BOND ISSUANCE COSTS	BOND ISSUANCE COST CREDIT ENHANCEMENT TOTAL A \$3,319,397 \$8,846,375 \$12,165,772 B \$3,114,169 \$126,677 \$3,240,846 C \$0 \$0 \$0 D \$2,080,292 \$0 \$2,080,292 E \$2,402,586 \$0 \$2,402,586



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



Identifier	Return Reference	Explanation
SCHEDULE R - PART II - (B) PRIMARY ACTIVITY		THE SISTERS OF THE THIRD ORDER OF ST FRANCIS IS THE SOLE MEMBER OF THE CORPORATION AND IS ENGAGED IN ACTIVITIES RELATED TO GOVERNANCE OF THE CORPORATION OSF HEALTHCARE FOUNDATION RAISES FUNDS TO SUPPORT THE ACTIVITIES OF THE CORPORATION St Francis Community clinic provides free comprehensive health care services to the indigent population of the area Ottawa regional hospital & healthcare center operates an acute care hospital in Ottawa that provides efficient and quality healthcare services consistent with the needs of the community Ottawa regional hospital foundation supports and encourages healthcare services in furtherance of the support of and in assistance to Ottawa Regional Hospital & Healthcare Center through providing financial and fundraising assistance Ottawa regional hospital auxiliary operates to promote and advance the welfare of Ottawa regional hospital & healthcare center Ottawa regional hospital & healthcare liability loss fund provides a vehicle for self-insuring risks arising from the operation and maintenance of the Ottawa regional hospital & healthcare center OSF multi-specialty group has been organized to support the mission of OSF healthcare system in future years through the provision of quality healthcare services related to comprehensive inpatient and outpatient care it has not yet commenced operations OSF Heart & Vascular Institute has been organized to support the mission of OSF healthcare system in future years through the provision of quality healthcare services related to cardiovascular care and treatment It has not yet commenced operations Children's hospital of Illinois Medical group has been organized to support the mission of OSF healthcare system in future years through the provision of quality of healthcare services related to comprehensive inpatient and outpatient care for children It has not yet commenced operations Illinois Neuroscience Institute has been organized to support the mission of OSF healthcare system in future years through the provision of quality healthcare services related to research center for diagnosis and treatment of brain disorders it has not yet commenced operations



Identifier	Return Reference	Explanation
SCHEDULE R - PART III - (B) PRIMARY ACTIVITY		CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC OPERATES A MULTISPECIALTY AMBULATORY SURGICAL CENTER IN PEORIA, ILLINOIS STATE AND ROXBURY , LLC OPERATES A REAL ESTATE MANAGEMENT ORGANIZATION IN ROCKFORD, ILLINOIS EASTLAND MEDICAL PLAZA SURGICENTER, LLC OPERATES A MULTISPECIALTY AMBULATORY SURGERY TREATMENT CENTER IN BLOOMINGTON, ILLINOIS FORT JESSE IMAGING CENTER, LLC OPERATES A STAND-ALONE MEDICAL IMAGING CENTER IN BLOOMINGTON, ILLINOIS SLEEP CENTER OF CENTRAL ILLINOIS, LLC OPERATES A STAND-ALONE SLEEP DISORDER DIAGNOSTIC CENTER IN BLOOMINGTON, ILLINOIS Radiation Oncology of Northern Illinois, LLC operates a radiation oncology center Ottaw a regional cardinal sleep center, LLC was created to be a sleep diagnostic center It has not yet commenced operations



Identifier	Return Reference	Explanation
SCHEDULE R - PART IV - (B) PRIMARY ACTIVITY		<p>OSF SAINT FRANCIS, INC PROVIDES HEALTHCARE RELATED SERVICES SUCH AS MEDICAL PRACTICE MANAGEMENT, RETAIL PHARMACIES, MOBILE MEDICAL SYSTEMS, DURABLE MEDICAL EQUIPMENT, HOME THERAPEUTICS, REAL ESTATE RENTAL AND EQUIPMENT TECHNOLOGY SERVICES HEARTCARE MIDWEST, LTD IS A PHYSICIAN GROUP OF CARDIOVASCULAR SPECIALISTS SERVING CENTRAL ILLINOIS CARDIOVASCULAR INSTITUTE AT OSF, LLC IS A PHYSICIAN GROUP OF CARDIOVASCULAR SPECIALISTS SERVING NORTHERN ILLINOIS ILLINOIS PATHOLOGIST SERVICES, LLC PROVIDES PATHOLOGY SERVICES INNORTHERN ILLINOIS OSF MULTISPECIALTY GROUP - EASTERN REGION, LLC IS A MULTISPECIALTY CLINIC SERVING EASTERN ILLINOIS, OFFERING SERVICES IN ADULT MEDICINE, BEHAVIORAL FAMILY MEDICINE, GENERAL SURGERY, NEUROLOGY, OBSTETRICS, GYNECOLOGY, PEDIATRICS, PHYSIATRY, PULMONOLOGY, RADIOLOGY AND UROLOGY OSF MULTISPECIALTY GROUP - PEORIA, LLC PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESSES ILLINOIS NEUROLOGICAL INSTITUTE - PHYSICIANS, LLC PROVIDES A FULL SPECTRUM OF ADULT AND PEDIATRIC CARE FOR ILLNESSES AFFECTING THE BRAIN, SPINAL CORD, AND PERIPHERAL NERVES ILLINOIS SPECIALTY PHYSICIAN SERVICES AT OSF, LLC PROVIDES PULMONOLOGY AND CRITICAL CARE SERVICES IN CENTRAL ILLINOIS OSF PERINATAL ASSOCIATES, LLC PROVIDES MATERNAL FETAL MEDICINE PHYSICIAN SERVICES IN CENTRAL ILLINOIS OSF Multispecialty group - western region, LLC is a multispecialty clinic serving western Illinois, offering services in a wide variety of general and specialty medical categories OSF CHILDREN'S MEDICAL GROUP - CONGENITAL HEART CENTER, LLC PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESS IN NORTHERN ILLINOIS PREFERRED EMERGENCY PHYSICIANS OF ILLINOIS, LLC PROVIDES PHYSICIAN COVERAGE FOR EMERGENCY DEPARTMENTS Ottawa regional healthcare affiliates, inc is a holding company for Ottawa regional cardinal sleep centr, llc and ottawa regional medical center, inc Ottawa regional medical center, inc provides outpatient medical and diagnostic services</p>



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME GERALD J MCSHANE, M.D. TITLE Pres/CEO OSFMG, board member HOURS 5



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME KEVIN D SCHOEPLEIN TITLE Vice Chairperson, CEO HOURS 5



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SISTER AGNES JOSEPH WILLIAMS, OSF TITLE Assistant Secretary HOURS 1



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SISTER DIANE MARIE MCGREW, OSF TITLE PRESIDENT/TREASURER HOURS 2



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SISTER JUDITH ANN DUVALL, OSF TITLE Chairperson HOURS 1



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SISTER ROSE THERESE MANN, OSF TITLE Board Member HOURS 1



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SISTER THERESA ANN BRAZEAU, OSF TITLE Secretary HOURS 2



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME VANCE C PARKHURST TITLE Senior Vice President HOURS 1



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DANIEL E BAKER TITLE Senior VP, Board Member HOURS 5



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DANIEL R FASSETT, MD ** TITLE Physician, Neurosurgery HOURS 40



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME FINN REIDER AMBLE, MD ** TITLE Physician, Neurosurgery HOURS 40



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JEFFREY D KLOPFENSTEIN, MD ** TITLE Physician, Neurosurgery HOURS 40



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SYED M. HUSSAIN, MD ** TITLE Physician, Vascular Surgery HOURS 40



Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.JAMES MOORE TITLE Vice Chairperson, CEO Retired HOURS



SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
OSF Healthcare System

Employer identification number  
37-0813229

Part I

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) OSF Lifeline Ambulance LLC 318 Roxbury Road Rockford, IL 61107 20-0080542	Schedule O	IL	-1,119,546	948,611	OSF

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							



Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Center for Health Ambulatory Surgery Cen  8800 Route 91 North Peona, IL 61615 20-5557171	Schedule O	IL	OSF	Related	2,791,115	2,265,027		No			No	60 250 %
(2) State and Roxbury LLC  5668 E State Street Rockford, IL 61108 26-1728983	Schedule O	IL	OSF	Related	-56,238	1,872,798		No			No	51 000 %
(3) Eastland Medical Plaza Surgicenter LLC  1505 Eastland Drive Bloomington, IL 61701 37-1400643	Schedule O	IL	OSF	Related	3,434,227	5,753,329		No			No	50 000 %
(4) Fort Jesse Imaging Center LLC  220 Ft Jesse Road Suite B Normal, IL 61761 46-0515604	Schedule O	IL	OSF	Related	303,558	232,943		No			No	50 100 %
(5) Sleep Center of Central Illinois LLC  2204 Eastland Drive Suite 100 Bloomington, IL 61704 81-0581886	Schedule O	IL	OSF	Related	263,464	205,345		No			No	50 050 %
(6) Radiation Oncology of Northern Illinois  1200 Starfire Drive Ottawa, IL 61350 75-3247165	Schedule O	IL	ORHHC	Related	455,880	1,173,554		No			No	57 000 %
(7) Ottawa Regional Cardinal Sleep Center  1601 Mercury Circle Suite 2 Ottawa, IL 61350	Schedule O	IL	ORHHC	Related	0	0		No			No	100 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
See Additional Data Table							



Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

Yes

1p

No

1q

No

1r

Yes

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

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

Schedule R (Form 990) 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	
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Software ID:

Software Version:

EIN: 37-0813229

Name: OSF Healthcare System

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	
Sisters of The Third order of St Francis  800 NE Glen OAK Ave Peoria, IL 61603 37-1259286	Schedule O	IL	501(c)(3)	Ln11 TypeII	NA		No
OSF Healthcare Foundation  800 NE Glen OAK Ave Peoria, IL 61603 37-1259284	Schedule O	IL	501(c)(3)	Ln11 TypeII	NA		No
St Francis Community Clinic  530 NE Glen Oak Ave Peoria, IL 61603 37-0661235	Schedule O	IL	501(c)(3)	Ln7	sis 3rd osf		No
Ottawa Regional Hospital & Healthcare Ce  1100 East Norris Drive Ottawa, IL 61350 36-2604009	Schedule O	IL	501(c)(3)	Ln3	OSF		No
Ottawa Regional Hospital Foundation  1100 East Norris Drive Ottawa, IL 61603 36-4007569	Schedule O	IL	501(c)(3)	LN11A TYPE1	orhhc		No
Ottawa Regional Hospital Auxiliary  1100 East Norris Drive Ottawa, IL 61603 36-3854788	Schedule O	IL	501(c)(3)	LN11C T piii	NA		No
Ottawa Regional Hospital & Healthcare Ce  1100 East Norris Drive Ottawa, IL 61603 36-0361265	Schedule O	IL	501(c)(3)	LN11A TYPE1	orhhc		No
OSF Multi-Specialty Group  800 NE Glen Oak Avenue Peoria, IL 61603 38-3852646	Schedule O	IL	501(c)(3)	LN11A TYPE1	OSF		No
OSF Heart & Vascular Institute  800 NE Glen Oak Avenue Peoria, IL 61603 35-2422385	Schedule O	IL	501(c)(3)	LN11A TYPE1	OSF		No
Children's Hospital of Illinois Medical  800 NE Glen Oak Avenue Peoria, IL 61603 32-0353954	Schedule O	IL	501(c)(3)	LN11A TYPE1	OSF		No
Illinois Neuroscience Institute  800 NE Glen Oak Avenue Peoria, IL 61603 36-4709999	Schedule O	IL	501(c)(3)	LN11A TYPE1	OSF		No



Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Disproporionate allocations?		(i) Code V- UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Center for Health Ambulatory Surgery Cen  8800 Route 91 North Peoria, IL 61615 20-5557171	Schedule O	IL	OSF	Related	2,791,115	2,265,027		No			No	60 250 %
State and Roxbury LLC  5668 E State Street Rockford, IL 61108 26-1728983	Schedule O	IL	OSF	Related	-56,238	1,872,798		No			No	51 000 %
Eastland Medical Plaza Surgicenter LLC  1505 Eastland Drive Bloomington, IL 61701 37-1400643	Schedule O	IL	OSF	Related	3,434,227	5,753,329		No			No	50 000 %
Fort Jesse Imaging Center LLC  220 Ft Jesse Road Suite B Normal, IL 61761 46-0515604	Schedule O	IL	OSF	Related	303,558	232,943		No			No	50 100 %
Sleep Center of Central Illinois LLC  2204 Eastland Drive Suite 100 Bloomington, IL 61704 81-0581886	Schedule O	IL	OSF	Related	263,464	205,345		No			No	50 050 %
Radiation Oncology of Northern Illinois  1200 Starfire Drive Ottawa, IL 61350 75-3247165	Schedule O	IL	ORHHC	Related	455,880	1,173,554		No			No	57 000 %
Ottawa Regional Cardinal Sleep Center  1601 Mercury Circle Suite 2 Ottawa, IL 61350	Schedule O	IL	ORHHC	Related	0	0		No			No	100 000 %



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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
OSF Saint Francis Inc 800 NE Glen Oak Ave Peoria, IL 61603 36-3484677	Schedule O	IL	OSF	C	312,355	144,307,094	100 000 %
Heartcare Midwest LTD 5405 N Knoxville Avenue Peoria, IL 61614 37-0996868	Schedule O	IL	OSF	c	-17,227,232	5,758,710	100 000 %
Cardiovascular Institute at OSF LLC 444 Roxbury Road Rockford, IL 61107 26-4225726	Schedule O	IL	OSF	C	-7,594,715	2,243,688	100 000 %
Illinois Pathologist Services LLC 5666 East State Street Rockford, IL 61108 80-0439081	Schedule O	IL	OSF	C	165,715	434,835	100 000 %
OSF Multispecialty Group- Eastern Region 1701 E College Avenue Bloomington, IL 61704 30-0561892	Schedule O	IL	OSF	C	-12,929,274	3,686,709	100 000 %
OSF Multispecialty Group- Peoria LLC 530 NE Glen Oak Avenue Peoria, IL 61637 26-2800379	Schedule O	IL	OSF	C	2,566,953	219,464	100 000 %
Ill Neurological Institute- Phy LLC 719 N William Kumpf Blvd Peoria, IL 61605 26-3109118	Schedule O	IL	OSF	C	-4,988,556	699,144	100 000 %
Ill Spec Phy Svcs at OSF LLC 1001 Main Street Suite 200 Peoria, IL 61606 80-0462209	Schedule O	IL	OSF	C	-3,461,233	320,429	100 000 %
OSF Perinatal Associates LLC 4911 Executive Drive Suite 200 Peoria, IL 61614 80-0498373	Schedule O	IL	OSF	C	-1,678,863	77	100 000 %
OSF Multispecialty Group- Western Region 3315 North Seminary Street Galesburg, IL 61401 80-0608541	Schedule O	IL	OSF	C	-5,959,111	752,174	100 000 %
OSF Children's Medical Group - Congenita 5701 Strathmoor Drive Suite 1 Peoria, IL 61603 90-0714643	Schedule O	IL	OSF	C	-880,007	35,360	100 000 %
Preferred Emergency Physicians of Illino 800 NE Glen Oak Avenue Peoria, IL 61603 90-0749855	Schedule O	IL	OSF	C	207,343	191,198	100 000 %
Ottawa Regional Healthcare Affiliates 1100 East Norris Drive Ottawa, IL 61350 26-3937519	Schedule O	IL	ORHHC	C	-991,344	2,898,024	100 000 %
Ottawa Regional Medical Center Inc 1614 East Norris Drive Ottawa, IL 61350 27-1036071	Schedule O	IL	ORHHC	C	0	0	100 000 %



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

<b>(a)</b> Name of other organization		<b>(b)</b> Transaction type(a-r)	<b>(c)</b> Amount Involved (\$)	<b>(d)</b> Method of determining amount involved
<b>(1)</b>	Center for Health Ambulatory Surgery Center	a(iv)	707,401	
<b>(2)</b>	Eastland Medical Plaza Surgicenter LLC	a(iv)	567,317	
<b>(3)</b>	Heartcare Midwest Ltd	a(iv)	236,703	
<b>(4)</b>	OSF Multispecialty Group - Peoria LLC	a(iv)	233,810	
<b>(5)</b>	OSF Perinatal Associates LLC	a(iv)	128,912	
<b>(6)</b>	Illinois Neurological Institute - Physicians	a(iv)	22,659	
<b>(7)</b>	OSF Saint Francis Inc	a(iv)	395,632	
<b>(8)</b>	Illinois Pathologist Services LLC	a(iv)	11,628	
<b>(9)</b>	OSF Multispecialty Group-Western Region LLC	a(iv)	3,035	
<b>(10)</b>	OSF Children's Medical Group - Congenital Hea	a(iv)	31,477	
<b>(11)</b>	OSF Multispecialty Group-Peoria LLC	b	2,079,492	
<b>(12)</b>	Illinois Neurological Institute - Physicians	b	4,820,000	
<b>(13)</b>	Cardiovascular Institute at OSF LLC	b	7,850,000	
<b>(14)</b>	OSF Multispecialty Group-Eastern Region LLC	b	11,000,000	
<b>(15)</b>	Illinois Specialty Physician Services at OSF	b	3,672,000	
<b>(16)</b>	OSF Multispecialty Group-Western Region LLC	b	5,895,000	
<b>(17)</b>	OSF Perinatal Associates LLC	b	1,306,200	
<b>(18)</b>	OSF Children's Medical Group - Congenital Hea	b	714,500	
<b>(19)</b>	HeartCare Midwest Ltd	b	18,700,000	
<b>(20)</b>	State and Roxbury LLC	d	500,000	



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

<b>(a)</b> Name of other organization		<b>(b)</b> Transaction type(a-r)	<b>(c)</b> Amount Involved (\$)	<b>(d)</b> Method of determining amount involved
<b>(21)</b>	Ottawa Regional Hospital & Healthcare Center	d	750,000	
<b>(22)</b>	OSF Saint Francis Inc	j	5,654,183	
<b>(23)</b>	Cardiovascular Institute at OSF LLC	j	544,495	
<b>(24)</b>	State and Roxbury LLC	j	325,873	
<b>(25)</b>	Heartcare Midwest Ltd	j	217,089	
<b>(26)</b>	Ottawa Regional Hospital & Healthcare Center	j	3,588	
<b>(27)</b>	OSF Saint Francis Inc	k	7,909,307	
<b>(28)</b>	Heartcare Midwest Ltd	k	266,787	
<b>(29)</b>	OSF Multispecialty Group-Eastern RegionLLC	k	13,681,330	
<b>(30)</b>	Cardiovascular Institute at OSF LLC	k	9,321,646	
<b>(31)</b>	Illinois Pathologist Services LLC	k	1,217,369	
<b>(32)</b>	Illinois Specialty Physician Services at OSF	k	5,271,627	
<b>(33)</b>	OSF Perinatal Associates LLC	k	1,952,133	
<b>(34)</b>	OSF Multispecialty Group-Peoria LLC	k	3,360,647	
<b>(35)</b>	Illinois Neurological Institute - Physicians	k	8,304,418	
<b>(36)</b>	OSF Multispecialty Group-Western Region LLC	k	9,301,277	
<b>(37)</b>	OSF Children's Medical Group - Congenital Hea	k	936,197	
<b>(38)</b>	Preferred emergency physicians of illinois	k	3,316,900	
<b>(39)</b>	ottawa regional hospital & healthcare center	k	1,620,399	
<b>(40)</b>	OSF Saint Francis Inc	L	82,217,077	



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

<b>(a)</b> Name of other organization		<b>(b)</b> Transaction type(a-r)	<b>(c)</b> Amount Involved (\$)	<b>(d)</b> Method of determining amount involved
<b>(41)</b>	OSF Saint Francis Inc	o	2,251,111	
<b>(42)</b>	Heartcare Midwest Ltd	o	1,958,709	
<b>(43)</b>	OSF Multispecialty Group-Eastern Region LLC	o	20,370,436	
<b>(44)</b>	Cardiovascular Institute at OSF LLC	o	7,693,281	
<b>(45)</b>	Illinois Pathologist Services LLC	o	764,940	
<b>(46)</b>	Illinois Specialty Physician Services at OSF	o	3,406,554	
<b>(47)</b>	OSF Perinatal Associates LLC	o	1,304,044	
<b>(48)</b>	OSF Multispecialty Group-Peoria LLC	o	2,801,439	
<b>(49)</b>	Illinois Neurological Institute - Physicians	o	5,975,360	
<b>(50)</b>	OSF Multispecialty Group-Western Region LLC	o	10,982,818	
<b>(51)</b>	OSF Children's Medical Group - Congenital Hea	o	1,126,165	
<b>(52)</b>	Preferred emergency physicians of illinois I	o	557,521	
<b>(53)</b>	ottawa regional hospital & healthcare center	o	6,650	
<b>(54)</b>	Eastland Medical Plaza Surgicenter LLC	r	3,067,145	
<b>(55)</b>	Sleep Center of Central Illinois LLC	r	245,245	
<b>(56)</b>	Fort Jesse Imaging Center LLC	r	397,205	
<b>(57)</b>	Center for Health Ambulatory Surgery Center	r	3,341,775	
<b>(58)</b>	OSF Multispecialty Group-Peoria LLC	r	1,431,000	
<b>(59)</b>	Illinois Neurological Institute - Physicians	r	9,755,000	
<b>(60)</b>	Cardiovascular Institute at OSF LLC	r	1,866,973	



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

<b>(a)</b> Name of other organization		<b>(b)</b> Transaction type(a-r)	<b>(c)</b> Amount Involved (\$)	<b>(d)</b> Method of determining amount involved
<b>(61)</b>	OSF Multispecialty Group-Eastern Region LLC	r	1,250,000	
<b>(62)</b>	Illinois Specialty Physician Services at OSF	r	4,014,000	
<b>(63)</b>	OSF Perinatal Associates LLC	r	1,671,000	
<b>(64)</b>	Illinois Pathologist Services LLC	r	2,060,000	
<b>(65)</b>	OSF Multispecialty Group-Western Region LLC	r	13,500,000	
<b>(66)</b>	OSF Saint Francis Inc	r	115,016,447	
<b>(67)</b>	osf children's medical group-congenital heart	r	714,000	
<b>(68)</b>	preferred emergency physicians of illinois l	r	3,241,000	





**OSF HEALTHCARE SYSTEM AND SUBSIDIARIES**

Consolidated Financial Statements  
and Supplementary Information

September 30, 2012 and 2011

(With Independent Auditors' Report Thereon)



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

## Independent Auditors' Report

OSF Healthcare System  
Peoria, Illinois

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

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

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

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

Our audits were conducted for the purpose of forming an opinion on the 2012 consolidated financial statements as a whole. The 2012 supplementary information included in schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 consolidated financial statements and certain additional procedures, including comparing and reconciling such



information directly to the underlying accounting and other records used to prepare the 2012 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 consolidated financial statements as a whole.

KPMG LLP

February 14, 2013



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Consolidated Balance Sheets

September 30, 2012 and 2011

(In thousands)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current		
Cash and cash equivalents	\$ 120.094	131.751
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately \$149.952 in 2012 and \$133,862 in 2011	469.299	351.210
Other	86.329	66.583
Total current assets	675.722	549.544
Investments	712.329	627.987
Assets limited as to use	202.836	199.461
Property and equipment, net	936.207	893.970
Restricted assets	41.292	59.536
Other assets	68.623	52.254
Total assets	\$ 2,637.009	2,382.752
<b>Liabilities and Net Assets</b>		
Current liabilities		
Current portion of long-term debt	\$ 10.505	17.284
Long-term debt subject to short-term remarketing arrangements	—	14.200
Accounts payable and accrued expenses	212.493	176.249
Estimated third-party payor settlements	89.312	74.453
Total current liabilities	312.310	282.186
Long-term debt, net of current portion	886.139	853.089
Accrued benefit liability	436.148	304.218
Estimated self-insurance liabilities	139.911	124.840
Other liabilities	73.867	64.416
Total liabilities	1,848.375	1,628.749
Net assets		
Unrestricted		
Unrestricted net assets of OSF	744.555	692.463
Noncontrolling interests in subsidiaries	2.787	2.004
Total unrestricted net assets	747.342	694.467
Temporarily restricted	28.113	47.705
Permanently restricted	13.179	11.831
Total net assets	788.634	754.003
Total liabilities and net assets	\$ 2,637.009	2,382.752

See accompanying notes to consolidated financial statements



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Consolidated Statements of Operations and Change in Unrestricted Net Assets

Years ended September 30, 2012 and 2011

(In thousands)

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

See accompanying notes to consolidated financial statements



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Consolidated Statements of Changes in Net Assets

Years ended September 30, 2012 and 2011

(In thousands)

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

See accompanying notes to consolidated financial statements



OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Cash Flows  
Years ended September 30, 2012 and 2011  
(In thousands)

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

See accompanying notes to consolidated financial statements



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

#### (1) Organization

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

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

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

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

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

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

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



## **OSF HEALTHCARE SYSTEM AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

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(In thousands)

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

in thousands

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

Commensurate with the acquisition, OSF capitalized the organization with \$12.289, which was then used to legally defease the outstanding SEMC debt



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

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

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

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

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

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

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

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

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



## **OSF HEALTHCARE SYSTEM AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

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(In thousands)

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

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

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

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

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

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

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

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

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

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

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

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

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

## (2) Summary of Significant Accounting Policies

### (a) *Use of Estimates*

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

### (b) *Cash and Cash Equivalents*

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

### (c) *Investments and Investment Income*

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

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

**(d) *Assets Limited as to Use***

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

**(e) *Other Assets – Joint Ventures***

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

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

**(f) *Property and Equipment***

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

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

**(g) *Long-Lived Assets***

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

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

#### **(h) Goodwill**

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

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

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

#### **(i) Temporarily and Permanently Restricted Net Assets**

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

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

**(j) Net Income**

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

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

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

**(l) Charity Care**

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

**(m) Donor-Restricted Gifts**

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

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

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

	<u>Amount</u>
2013	\$ 2,246
2014	491
2015	491
2016	491
2017	491
Thereafter	<u>1,964</u>
Pledges receivable	<u>\$ 6,174</u>

**(n) *Estimated Self-Insurance Liabilities***

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

**(o) *Services Provided by the Religious Community***

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

**(p) *Derivative Instruments***

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

**(q) *Income Taxes***

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

#### (r) *Fair Value*

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

**(s) *New Accounting Literature***

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

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

**(t) *Electronic Health Record Incentive Program***

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

#### *(u) Reclassifications*

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

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

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

##### *(a) Medicare*

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

##### *(b) Medicaid*

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

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

*(c) Other*

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

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

#### (4) Concentration of Credit Risk

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

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

#### (5) Charity Care

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

year Medicare cost-to-charge ratio) forgone for services and supplies furnished under OSF's charity assistance policy aggregated approximately \$61.034 and \$51.534 in 2012 and 2011, respectively. Not included in these amounts are benefits provided to the poor through the unpaid cost of Medicaid and other public programs. Additional other benefits provided are for the broader community that represents the unpaid cost of health education, research, and other community health services responding to a special need in the communities that OSF serves.

#### (6) Investments

##### (a) Investments

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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### (b) *Restricted Assets*

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

### (c) *Assets Limited as to Use*

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

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

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

### (7) Property and Equipment

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

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

Construction budgets of approximately \$124.603 exist for construction and remodeling at various OSF facilities. At September 30, 2012, the remaining contractual commitment on these budgets approximated \$45.762 and will be financed by operations and existing funds. During the years ended September 30, 2012 and 2011, OSF did not capitalize any interest.



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

#### (8) Other Assets

Included in other assets at September 30 are the following

- Bond financing costs, net of accumulated amortization of \$7.874 in 2012 and \$7.327 in 2011
- Escrow deposits of \$5.275 in 2012 and \$4.726 in 2011 for the self-insured workers' compensation program
- Goodwill of \$6.632 at September 30, 2012 and 2011
- Pledges receivable of \$9.660 and \$7.224 at September 30, 2012 and 2011, respectively
- Other miscellaneous assets of \$24.608 and \$14.515 at September 30, 2012 and 2011, respectively
- The investments in affiliated companies accounted for using the equity method of accounting totaled \$14.574 and \$11.830 at September 30, 2012 and 2011, respectively. The most significant of these investments include
  - Eastland Medical Plaza SurgiCenter, LLC – 50.0% ownership interest
  - Community Cancer, LLC – 50.0% ownership interest
  - Bloomington-Normal Healthcare, LLC – 0% ownership interest at September 30, 2012 (25.0% ownership interest at September 30, 2011)
  - Renal Intervention Center, LLC – 34.0% ownership interest
  - SimNext, LLC – 50.0% ownership interest
  - River Plex Fitness Center, LLC – 50.0% ownership interest (in operating results only)
  - McLean Imaging Properties, LLC – 49.9% ownership interest
  - Rockford Orthopedic Surgery Center, LLC (ROSC) – 25.0% ownership interest
  - DME – 50% ownership interest as of September 30, 2012. ORHA has not made any initial capital contributions to this entity, and there have been no operations with this entity as of September 30, 2012.

For the years ended September 30, 2012 and 2011, OSF recognized income of \$6.369 and \$5.913 in investments in affiliated companies, respectively, as a component of other revenue. In addition, during 2011, OSF sold its interest in the Bloomington-Normal Healthcare, LLC investment, which resulted in a gain of \$2.613, also included as a component of other revenue.



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

### (9) Long-Term Debt

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(In thousands)

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

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

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

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

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

In September 2012, OSF refinanced Series 2004, 2007G, 2009F, and portion of 2007F and 2009A. The result of the refinancing was a loss on early extinguishment of debt of \$11.341.



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

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

On September 26, 2012, the Illinois Finance Authority, on behalf of OSF, issued \$179.845 in Series 2012A bonds. Proceeds from these bonds were used to refinance and redeem all of the Illinois Finance Authority Revenue Bonds Series 2004, Series 2007G and Series 2009F, \$15,000 of Illinois Finance Authority Variable Rate Demand Revenue Bonds Series 2007F, \$40,310 of the Illinois Finance Authority Revenue Bonds Series 2009A, paid off a bank line of credit, and to reimburse OSF for the birthing center renovation and other construction projects.

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

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

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

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

#### (10) Derivative Instruments and Hedging Activities

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

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

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

Net payments equal to the differential to be paid under all interest rate swap agreements are recognized within nonoperating gain (losses) and amounted to approximately \$7.671 and \$7.528 in 2012 and 2011, respectively.

The fair value of the swap agreements under ASC Subtopic 820-10 was \$(56.932) and \$(52.915) and is recorded as a component of other liabilities in the accompanying consolidated balance sheets at September 30, 2012 and 2011, respectively. For the years ended September 30, 2012 and 2011, OSF recognized an unrealized loss of \$(4.017) and \$(13.480), respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments.

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

<b>Type of interest swap</b>	<b>Notional amount</b>	<b>Settlement value</b>	<b>Fair value</b>
Fixed spread basis	\$ 110.000	564	322
CMS LIBOR	110.000	3.196	3.026
Floating-to-fixed	50.000	(11.676)	(11.000)
Floating-to-fixed	50.275	(11.795)	(11.046)
Floating-to-fixed	12.900	(2.169)	(2.043)
Floating-to-fixed	130.000	(42.991)	(39.252)
Basis swap	100.000	3.786	3.061
		<u>\$ (61.085)</u>	<u>(56.932)</u>



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

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

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

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

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

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

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



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

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

#### (11) Investment Composition and Fair Value Measurements

##### (a) Overall Investment Objective

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

##### (b) Allocation of Investment Strategies

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

##### (c) Basis of Reporting

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

##### (d) Fair Value of Financial Instruments

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

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

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

#### (e) *Fair Value Hierarchy*

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

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

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Cash and cash equivalents	\$ 120.094	116.996	3.098	—
Investments				
Cash and cash equivalents	19.508	15.896	3.612	—
Equities	118.635	118.635	—	—
U S Treasury obligations	38.669	38.669	—	—
U S government agencies	2.193	—	2.193	—
Municipal securities	10.981	—	4.181	6.800
Corporate obligations	78.905	—	66.639	12.266
Mutual funds – equities	13.769	13.769	—	—
Mutual funds – bonds	313.761	—	313.761	—
Foreign equities	31.667	31.667	—	—
Foreign bonds	7.823	—	7.823	—
Foreign mutual funds – equities	2.206	2.206	—	—
Foreign securities – commingled	32.209	2.450	29.759	—
Commingled funds	41.864	37.082	4.782	—
Land trust	139	—	—	139
Restricted assets –				
excluding amounts				
due from Foundation of				
\$28.448 and pledges				
receivable and other of				
\$6.174				
Cash and cash equivalents	409	409	—	—
Equities	2.549	2.549	—	—
U S government agencies	52	—	52	—
Corporate obligations	285	—	285	—
Mutual funds – equities	1.431	1.431	—	—
Mutual funds – bonds	720	—	720	—
Foreign mutual funds – equities	834	834	—	—
Foreign mutual funds – bonds	303	—	303	—
Foreign equities	87	87	—	—



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets limited as to use – excluding amount of the guaranteed investment contract of \$0				
Cash and cash equivalents	\$ 29.878	29.878	—	—
U S Treasury obligations	46.782	46.782	—	—
U S government agencies	31.848	—	31.848	—
Municipal securities	413	—	413	—
Corporate obligations	62.111	—	60.353	1.758
Mutual funds	223	223	—	—
Foreign securities	6.535	158	6.377	—
Commingled funds	25.046	23.976	1.070	—
Total financial assets	<u>\$ 1.041.929</u>	<u>483.697</u>	<u>537.269</u>	<u>20.963</u>
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Fair value of swap agreements	\$ (59.284)	—	(59.284)	—
Total financial liabilities	<u>\$ (59.284)</u>	<u>—</u>	<u>(59.284)</u>	<u>—</u>



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(In thousands)

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

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Cash and cash equivalents	\$ 131.751	127.998	3.753	—
Investments				
Cash and cash equivalents	8.006	7.705	301	—
Equities	102.164	102.164	—	—
U S Treasury obligations	49.162	49.162	—	—
U S government agencies	3.725	—	3.725	—
Municipal securities	10.459	—	3.309	7.150
Corporate obligations	84.794	—	72.512	12.282
Mutual funds – equities	5.167	5.167	—	—
Mutual funds – bonds	263.351	—	263.351	—
Foreign equities	29.384	29.384	—	—
Foreign bonds	9.729	—	9.729	—
Foreign mutual funds – equities	1.688	1.688	—	—
Foreign securities – commingled	25.326	—	25.326	—
Commingled funds	34.948	34.948	—	—
Land trust	84	—	—	84
Restricted assets –				
excluding amounts				
due from Foundation of				
\$33.902 and pledges				
receivable and other of				
\$19.910				
Cash and cash equivalents	617	617	—	—
Equities	2.423	2.423	—	—
U S government agencies	113	—	113	—
Corporate obligations	326	—	326	—
Mutual funds – equities	1.057	1.057	—	—
Mutual funds – bonds	516	—	516	—
Foreign mutual funds – equities	599	599	—	—
Foreign mutual funds – bonds	73	—	73	—



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(In thousands)

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets limited as to use – excluding amount of the guaranteed investment contract of \$9.260				
Cash and cash equivalents	\$ 43,374	43,374	—	—
U S Treasury obligations	30,381	30,381	—	—
U S government agencies	35,080	—	35,080	—
Municipal securities	920	—	920	—
Corporate obligations	73,208	—	71,450	1,758
Mutual funds – equities	1,415	1,415	—	—
Foreign mutual fund – equities	119	119	—	—
Foreign mutual fund – bonds	4,373	—	4,373	—
Commingled funds	1,331	332	999	—
Total financial assets	<u>\$ 955,663</u>	<u>438,533</u>	<u>495,856</u>	<u>21,274</u>
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Fair value of swap agreements	\$ (55,109)	—	(55,109)	—
Total financial liabilities	<u>\$ (55,109)</u>	<u>—</u>	<u>(55,109)</u>	<u>—</u>



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

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

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

#### (12) Temporarily and Permanently Restricted Net Assets

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



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

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

#### **(13) Self-Insurance**

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

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

#### **(14) Retirement Benefits**

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

	<u>2012</u>	<u>2011</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 668.166	679.224
Service cost	—	14.006
Interest cost	34.711	35.797
Actuarial loss	140.256	29.303
Benefits paid	(16.332)	(13.000)
Curtailments	8.020	(77.164)
Benefit obligation at end of year	<u>\$ 834.821</u>	<u>668.166</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 379.236	386.728
Actual return on plan assets	57.653	(10.364)
Employer contributions	—	15.872
Benefits paid	(16.332)	(13.000)
Fair value of plan assets at end of year	<u>\$ 420.557</u>	<u>379.236</u>
Reconciliation of funded status		
Funded status	<u>\$ (414.264)</u>	<u>(288.930)</u>
Net amount recognized at year-end	<u>\$ (414.264)</u>	<u>(288.930)</u>
Amounts recognized in the accompanying consolidated balance sheets		
Accrued benefit liability	\$ (414.264)	(288.930)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to unrestricted net assets		
Net actuarial loss	\$ (399.908)	(282.912)
Prior service cost	<u>(8.020)</u>	<u>—</u>
Net amounts recognized in the accompanying consolidated balance sheets	<u>\$ (407.928)</u>	<u>(282.912)</u>



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

The accumulated benefit obligation for the Plan was \$834.821 and \$668.166 at September 30, 2012 and 2011, respectively.

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

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

OSF is expected to contribute approximately \$6.420 to the Plan in 2013.

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

#### *Fair Value of Financial Instruments*

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

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

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

#### *Fair Value Hierarchy*

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(In thousands)

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

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Investments				
Cash and cash equivalents	\$ 6.266	6.266	—	—
Equities	128.019	128.019	—	—
U S Treasury obligations	15.669	15.669	—	—
U S government agencies	1.138	—	1.138	—
Municipal securities	315	—	315	—
Corporate obligations	24.942	—	24.753	189
Mutual funds – equities	923	923	—	—
Mutual funds – bonds	89.777	—	89.777	—
Foreign equities	47.320	47.320	—	—
Foreign bonds	3.807	—	3.807	—
Foreign commingled funds	42.217	—	42.217	—
Commingled funds	59.910	59.208	702	—
Partnership	254	—	—	254
Total financial assets	\$ <u>420.557</u>	<u>257.405</u>	<u>162.709</u>	<u>443</u>

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

<u>Level 3 assets</u>	<u>Beginning balance, October 1, 2011</u>	<u>Realized and unrealized gains (losses), net</u>	<u>Purchases, sales, settlements, and transfers, net</u>	<u>Ending balance, September 30, 2012</u>
Corporate obligations	\$ 253	3	(67)	189
Partnership	34.778	(2.767)	(31.757)	254
	\$ <u>35.031</u>	<u>(2.764)</u>	<u>(31.824)</u>	<u>443</u>



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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(In thousands)

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

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

In addition, OSF sponsors a retirement savings plan that includes a 401(k) feature. In conjunction with the change in the pension plan on March 5, 2011, OSF enhanced the retirement savings plan by increasing the match and adding an annual discretionary contribution. During 2010 and through March 4, 2011, participants could deposit an amount from 1% to 50% of their eligible compensation up to the Internal Revenue Service (IRS) limit of \$17,000. OSF contributed 50% of the employee contributions up to 6% of eligible compensation. Effective March 5, 2011, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. OSF contributes 100% of the employee contribution up to 5% of eligible compensation. OSF may also make annual discretionary contributions based on a participant's age and years of service. OSF contributed \$46,926 in 2012 and \$18,417 in 2011 to the retirement savings plan, which has been expensed as salaries and benefits expense. OSF also accrued for an anticipated discretionary contribution of \$20,175 in 2012, which has been expensed as salaries and benefits expense (none in 2011).

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

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

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

	<u>2012</u>	<u>2011</u>	<u>Redemption frequency</u>	<u>Days notice</u>
Commingled funds	\$ 14,922	11,299	Daily	2

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

### (15) Income Taxes

Income tax benefit consists of

	2012		
	Current	Deferred	Total
U S federal	\$ 149	473	622
State	61	(129)	(68)
	<u>\$ 210</u>	<u>344</u>	<u>554</u>

	2011		
	Current	Deferred	Total
U S federal	\$ (87)	150	63
State	(28)	(159)	(187)
	<u>\$ (115)</u>	<u>(9)</u>	<u>(124)</u>

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

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

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

#### (16) Commitments and Contingencies

##### (a) Operating Leases

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

**(b) *Litigation***

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

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

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

**(d) *The Patient Protection and Affordable Care Act***

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

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2012 and 2011

(In thousands)

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

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

**(f) *Investment Risk and Uncertainties***

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

**(17) Subsequent Events**

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

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



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – OSF Healthcare System and Subsidiaries

September 30, 2012

(In thousands)

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

See accompanying independent auditors' report



**Schedule 1**

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



**OSF HEALTHCARE SYSTEM AND SUBSIDIARIES**  
Consolidating Balance Sheet Information – Healthcare Providers  
September 30, 2012  
(In thousands)

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

See accompanying independent auditors' report



## Schedule 2

Peoria	Galesburg	Peoria Heights	Monmouth	Home Care	Ottawa (Obligated Group)	Total
13.234	905	101	5.733	344	3.028	30.597
280.710	15.417	1.408	4.749	5.179	12.198	449.084
22.848	3.323	359	1.487	2.900	2.198	59.332
316.792	19.645	1.868	11.969	8.423	17.424	539.013
23.828	477	—	609	1.454	24.795	62.099
478.922	19.624	1.914	8.288	6.664	31.666	742.408
26.777	5.676	—	10	417	18	41.285
301.298	75.261	—	7.582	798	5.949	535.985
1,147.617	120.683	3.782	28.458	17.756	79.852	1,920.790
145	—	654	1.500	510	750	12.184
61.239	8.020	495	3.775	6.108	9.010	144.111
37.969	6.795	68	1.165	—	6.073	88.742
99.353	14.815	1.217	6.440	6.618	15.833	245.037
279	—	3.662	—	19.161	—	78.234
—	—	—	—	—	1.586	1.586
1.468	144	61	171	—	497	3.457
101.100	14.959	4.940	6.611	25.779	17.916	328.314
1,017.787	100.047	(1.158)	21.838	(8.440)	61.918	1,549.095
1.953	—	—	—	—	—	2.096
1,019.740	100.047	(1.158)	21.838	(8.440)	61.918	1,551.191
23.611	1.361	—	9	96	13	28.106
3.166	4.316	—	—	321	5	13.179
1,046.517	105.724	(1.158)	21.847	(8.023)	61.936	1,592.476
1,147.617	120.683	3.782	28.458	17.756	79.852	1,920.790



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

September 30, 2012

(In thousands)

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

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

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

See accompanying independent auditors' report



# OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

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

See accompanying independent auditors' report



**Schedule 4**

		<b>OSF Saint Francis, Inc. and other Non Obligated Group Entities</b>		
<b>Eliminations</b>	<b>Total Obligated Group</b>		<b>Eliminations</b>	<b>Consolidated</b>
(50.978)	1,786,763	129,265	—	1,916,028
—	(92,666)	(6,362)	—	(99,028)
(50.978)	1,694,097	122,903	—	1,817,000
—	4,958	27	—	4,985
(146,805)	47,647	115,875	(77,583)	85,939
—	1,530	6	—	1,536
(197,783)	1,748,232	238,811	(77,583)	1,909,460
(50.978)	934,833	114,514	—	1,049,347
—	1,488	—	—	1,488
(133,568)	606,736	173,971	(95,217)	685,490
(13,237)	77,421	7,458	—	84,879
(29,779)	34,960	1,579	—	36,539
(227,562)	1,655,438	297,522	(95,217)	1,857,743
29,779	92,794	(58,711)	17,634	51,717
—	—	554	—	554
29,779	92,794	(59,265)	17,634	51,163
(29,779)	32,975	77	—	33,052
—	(7,671)	—	—	(7,671)
—	44,675	—	—	44,675
—	(11,341)	—	—	(11,341)
—	(4,017)	(158)	—	(4,175)
—	50,477	2,953	—	53,430
(29,779)	105,098	2,872	—	107,970
—	197,892	(56,393)	17,634	159,133
—	27,586	—	—	27,586
—	(39,422)	58,122	(18,700)	—
—	(200)	—	—	(200)
—	(130,781)	(5,447)	5,447	(130,781)
—	(2,823)	(40)	—	(2,863)
—	52,252	(3,758)	4,381	52,875



**OSF HEALTHCARE SYSTEM AND SUBSIDIARIES**

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

Year ended September 30, 2012

(In thousands)

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

See accompanying independent auditors' report



## Schedule 5

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



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

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

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

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

See accompanying independent auditors' report



## OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

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

Year ended September 30, 2012

(In thousands)

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

See accompanying independent auditors' report



**OSF HEALTHCARE SYSTEM AND SUBSIDIARIES**

Consolidating Statement of Changes in Net Assets Information – Healthcare Providers

Year ended September 30, 2012

(In thousands)

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

See accompanying independent auditors' report



**Schedule 8**

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