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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 06-01-2012 , 2012, and ending 05-31-2013

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

C Name of organization
SWEDISHAMERICAN HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1401 E STATE STREET

City or town, state or country, and ZIP + 4
ROCKFORD, IL 611042298

D Employer identification number
36-2222696

E Telephone number
(815) 966-2087

G Gross receipts $ 616,006,852

F Name and address of principal officer
WILLIAM GORSKI MD
1313 EAST STATE ST
ROCKFORD, IL 61104

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

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ WWW SWEDISHAMERICAN ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1911

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THROUGH EXCELLENCE IN HEALTHCARE AND COMPASSIONATE SERVICE, WE CARE FOR OUR COMMUNITY

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	26
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	17
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	3,368
6	Total number of volunteers (estimate if necessary)	**6**	612
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	536,673
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	243,101

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,813,920	4,815,838
9	Program service revenue (Part VIII, line 2g)	434,827,414	445,165,745
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8,093,553	10,708,821
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,971,442	4,610,509
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	449,706,329	465,300,913
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	561,606	561,606
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	215,843,433	213,603,436
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	223,383,007	229,894,226
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	439,788,046	444,059,268
19	Revenue less expenses Subtract line 18 from line 12	9,918,283	21,241,645

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	454,467,569	521,850,360
21	Total liabilities (Part X, line 26)	207,594,843	250,968,297
22	Net assets or fund balances Subtract line 21 from line 20	246,872,726	270,882,063

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-04-10
Signature of officer | Date

WILLIAM GORSKI MD CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ZACK FORTSCH				P00052725

Firm's name ▶ MCGLADREY LLP | Firm's EIN ▶ 42-0714325

Firm's address ▶ ONE SOUTH WACKER DR SUITE 800
CHICAGO, IL 60606 | Phone no (312) 634-3400

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

THROUGH EXCELLENCE IN HEALTHCARE AND COMPASSIONATE SERVICE, WE CARE FOR OUR COMMUNITY

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

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 252,460,685 including grants of $ 561,606) (Revenue $ 354,607,718)

SWEDISHAMERICAN HOSPITAL OPERATES 2 FULL SERVICE ACUTE CARE HOSPITALS WITH 386 LICENSED BEDS, AND SERVES A 12 COUNTY AREA ITS VISION IS TO DEVELOP A FULLY INTEGRATED HEALTHCARE DELIVERY NETWORK THAT WILL CONTINUOUSLY SET THE STANDARD FOR QUALITY CARE AND SERVICE, ACCEPT RESPONSIBILITY FOR BUILDING A HEALTHIER POPULATION, PROVIDE REGIONAL ACCESS, IMPROVE RESOURCE UTILIZATION THROUGH COLLABORATION WITH KEY STAKEHOLDERS, AND MANAGE PATIENT CARE AND THE HOSPITAL'S RESOURCES IN SUCH A WAY THAT WE CREATE VALUE FOR OUR PATIENTS AND BENEFIT FOR OUR COMMUNITY DURING 2013 WE CARED FOR 18,246 INPATIENTS AND PERFORMED 789,129 OUTPATIENT PROCEDURES, INCLUDING 73,428 EMERGENCY ROOM VISITS AND 2,620 DELIVERIES WE SPONSOR THE UNIVERSITY OF ILLINOIS - COLLEGE OF MEDICINE PROGRAM AND PROVIDED $4 8 MILLION IN EDUCATION FOR PRIMARY CARE RESIDENTS WE PARTICIPATE IN THE ILLINOIS EXCELLENCE IN ACADEMIC MEDICINE PROGRAM AND THE NATIONAL SURGICAL ADJUVANT BREAST AND BOWEL PROJECT, WHICH ARE GOVERNMENT SPONSORED RESEARCH AND PROGRAMS OUR EMPLOYEES AND VOLUNTEERS PROVIDED OVER 30,000 HOURS IN UNPAID COMMUNITY SERVICES SWEDISHAMERICAN RECOGNIZES ITS RESPONSIBILITY TO ALL THE PEOPLE OF OUR COMMUNITY, REGARDLESS OF THEIR ABILITY TO PAY FOR CARE

4b (Code) (Expenses $ 94,248,472 including grants of $ 0) (Revenue $ 88,391,917)

SWEDISHAMERICAN HOSPITAL EMPLOYS PRIMARY CARE AND SPECIALTY PHYSICIANS WHO PRACTICE AT 20 LOCATIONS THROUGHOUT OUR SERVICE AREA WE EMPLOY SPECIALISTS IN ORTHOPEDICS, CARDIOLOGY, CARDIOTHORACIC SURGERY, ENDOCRINOLOGY, ALLERGY, NEUROLOGY, NEUROSURGERY, PULMONOLOGY/CRITICAL CARE, HEMATOLOGY/ONCOLOGY, OBSTETRICS AND GYNECOLOGY, MATERNAL FETAL MEDICINE, RHEUMATOLOGY, PSYCHIATRY, PODIATRY, OTOLARYNGOLOGY, AS WELL AS INTERNAL MEDICINE, FAMILY PRACTICE, IMMEDIATE CARE AND PEDIATRIC PHYSICIANS DURING 2013 OUR PHYSICIAN ENCOUNTERS WERE 347,035

4c (Code) (Expenses $ 6,715,097 including grants of $ 0) (Revenue $ 6,259,441)

SWEDISHAMERICAN DELIVERS HOME HEALTH CARE SERVICES TO PATIENTS IN OUR SERVICE AREA MAJOR AREAS OF HOME HEALTH CARE INCLUDE RN NURSING SERVICES PROVIDING ASSESSMENTS, TREATMENTS AND MEDICATION ADMINISTRATION, INTRAVENOUS INFUSION THERAPY, PHYSICAL, SPEECH AND OCCUPATIONAL THERAPY SERVICES AND IN-HOME PERSONAL CARE ASSISTANTS DURING 2013 WE PERFORMED 25,857 EPISODES OF CARE

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses ▶ 353,424,254

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (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? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	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? *If "Yes," complete Schedule C, Part III*	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? *If "Yes," complete Schedule D, Part 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? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	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? *If "Yes," complete Schedule D, Part VI.*	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? *If "Yes," complete Schedule D, Part VII*	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? *If "Yes," complete Schedule D, Part VIII*	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? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	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)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	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? *If "Yes," complete Schedule F, Parts I and IV*	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 United States? *If "Yes," complete Schedule F, Parts II and IV*	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 United States? *If "Yes," complete Schedule F, Parts III and IV*	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? *If "Yes," complete Schedule G, Part I (see instructions)*	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? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	398		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,368		
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)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
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?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
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.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	26		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2** Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			**3**	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**	No
6	Did the organization have members or stockholders?			**6** Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a** Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			**7b** Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?			**8a** Yes	
b	Each committee with authority to act on behalf of the governing body?			**8b** Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*			**9**	No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ IL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ DONALD HARING CFO 1313 EAST STATE ST ROCKFORD, IL (815) 966-2087

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								5,764,673	0	849,210

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶165

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
RINGLAND-JOHNSON CONSTRUCTION PO BOX 5165 ROCKFORD IL 61125	CONSTRUCTION SERVICES	10,276,522
MIDWEST HEART SPECIALISTS LTD 1901 S MEYERS ROAD SUITE 350 OAKBROOK TERRACE IL 60181	PHYSICIANS	3,992,134
UNIVERSAL HOSPITAL SERVICES INC 2601 CROSSROADS DR SUITE 105 MADISON WI 53704	EQUIPMENT SERVICES	2,427,288
ARAMARK HEALTHCARE THE ARA TOWER 1101 MARKET ST PHILADELPHIA PA 19107	CAFETERIA AND DIETARY	2,391,232
ARUP LABORATORIES INC PO BOX 27964 SALT LAKE CITY UT 84127	LAB TESTING	2,097,699
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 ▶147		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	178,667			
	e	Government grants (contributions)	1e	4,578,570			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	58,601			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			4,815,838		
Program Service Revenue			Business Code				
	2a	MEDICARE/MEDICAID	621990	272,584,240	272,584,240		
	b	PATIENT SERVICES	621990	170,980,472	170,980,472		
	c						
	d						
	e						
	f	All other program service revenue		1,601,033	1,601,033		
	g	**Total.** Add lines 2a–2f		445,165,745			
	3	Investment income (including dividends, interest, and other similar amounts)		5,848,111			5,848,111
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					

		(i) Real	(ii) Personal				
	6a	Gross rents	23,626					
	b	Less rental expenses	43,121					
	c	Rental income or (loss)	-19,495					
	d	Net rental income or (loss)			-19,495			-19,495

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	152,745,767	2,771,504			
	b	Less cost or other basis and sales expenses	147,957,938	2,698,623			
	c	Gain or (loss)	4,787,829	72,881			
	d	Net gain or (loss)			4,860,710			4,860,710
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances	a	10,006				
	b	Less cost of goods sold	b	6,257				
	c	Net income or (loss) from sales of inventory			3,749	3,749		
		Miscellaneous Revenue		Business Code				
	11a	DAY CARE CENTER		624410	1,423,465	1,423,465		
	b	CAFETERIA & VENDING		561000	1,376,440	1,360,441	15,999	
	c	INTERDEPT BILLING		561000	1,370,457	1,305,676	64,781	
	d	All other revenue			455,893		455,893	
	e	**Total.** Add lines 11a–11d			4,626,255			
	12	**Total revenue.** See Instructions			465,300,913	449,259,076	536,673	10,689,326

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	531,606	531,606		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	30,000	30,000		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	4,230,290	1,146,250	3,084,040	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	158,782,583	123,209,302	35,573,281	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	9,515,980	7,863,076	1,652,904	
9 Other employee benefits	30,280,834	24,004,289	6,276,545	
10 Payroll taxes	10,793,749	8,166,842	2,626,907	
11 Fees for services (non-employees)				
a Management				
b Legal	934,736		934,736	
c Accounting	135,007		135,007	
d Lobbying	128,808		128,808	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	603,677		603,677	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	38,263,461	30,097,689	8,165,772	
12 Advertising and promotion	2,198,887	78,678	2,120,209	
13 Office expenses	9,901,942	5,211,253	4,690,689	
14 Information technology	4,804,995	4,323,733	481,262	
15 Royalties . .				
16 Occupancy	12,662,528	7,122,544	5,539,984	
17 Travel	224,225	163,614	60,611	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	400,335	163,869	236,466	
20 Interest	4,555,558	3,395,111	1,160,447	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	19,992,889	15,601,460	4,391,429	
23 Insurance	10,282,607	9,796,857	485,750	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a INCOME TAX EXPENSE	151,000		151,000	
b PATIENT SUPPLIES	69,139,001	68,648,733	490,268	
c BAD DEBTS	30,745,393	30,745,393		
d IPA PROVIDER TAX	7,650,073	7,650,073		
e All other expenses	17,119,104	5,473,882	11,645,222	
25 **Total functional expenses.** Add lines 1 through 24e	444,059,268	353,424,254	90,635,014	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		15,151,325	2	26,458,098
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		78,384,996	4	61,625,064
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		294,828	7	250,214
	8	Inventories for sale or use		6,380,256	8	6,529,568
	9	Prepaid expenses and deferred charges		6,126,896	9	8,554,210
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 419,772,808			
	b	Less accumulated depreciation	10b 240,212,031	163,568,140	10c	179,560,777
	11	Investments—publicly traded securities		155,892,313	11	208,115,148
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		1,834,079	13	1,771,351
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		26,834,736	15	28,985,930
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		454,467,569	16	521,850,360
Liabilities	17	Accounts payable and accrued expenses		48,095,146	17	43,502,558
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		106,708,525	20	143,878,109
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		52,791,172	25	63,587,630
	26	**Total liabilities.** Add lines 17 through 25		207,594,843	26	250,968,297
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		239,487,137	27	261,739,936
	28	Temporarily restricted net assets		1,896,459	28	3,321,200
	29	Permanently restricted net assets		5,489,130	29	5,820,927
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		246,872,726	33	270,882,063
	34	Total liabilities and net assets/fund balances		454,467,569	34	521,850,360

Part XI Reconcilliation 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	465,300,913
2	Total expenses (must equal Part IX, column (A), line 25)	2	444,059,268
3	Revenue less expenses Subtract line 2 from line 1	3	21,241,645
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	246,872,726
5	Net unrealized gains (losses) on investments	5	3,129,421
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-361,729
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	270,882,063

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

Additional Data

Software ID:
Software Version:
EIN: 36-2222696
Name: SWEDISHAMERICAN HOSPITAL

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
PETER CHRISTMAN TRUSTEE	2 00 4 00	X						100	0	0
DANNY L COPELAND MD TRUSTEE	40 00 4 00	X						205,662	0	35,410
MICHAEL DALLMAN TRUSTEE	2 00 4 00	X						100	0	0
PATRICK DERRY TRUSTEE	2 00 4 00	X						100	0	0
JAMES L GINGRICH TRUSTEE	2 00 4 00	X						100	0	0
WILLIAM R GORSKI MD CHIEF EXECUTIVE OFFICER	40 00 4 00	X		X				580,553	0	224,226
ROBERT L HEAD PHD TRUSTEE	2 00 4 00	X						100	0	0
HELEN CHUNG HILL TRUSTEE	2 00 4 00	X						100	0	0
MICHAEL HOUSELOG TRUSTEE	2 00 4 00	X						100	0	0
DENNIS W JOHNSON TRUSTEE	2 00 4 00	X						600	0	0
GREGORY JURY TRUSTEE	2 00 6 00	X						100	0	0
MARCO T LENIS TRUSTEE	2 00 6 00	X						100	0	0
DAN LOESCHER 1ST/VICE CHAIRMAN/SECR	2 00 4 00	X		X				100	0	0
FRAN MORRISSEY TRUSTEE	2 00 4 00	X						100	0	0
JOHN C MYERS MD TRUSTEE	40 00 6 00	X						571,182	0	44,783
WILLIAM ROOP CHAIRMAN	2 00 4 00	X		X				100	0	0
DANIEL T ROSS TRUSTEE	2 00 4 00	X						100	0	0
DAVID R RYDELL TRUSTEE	2 00 6 00	X						100	0	0
JOHN SCHEUB MD TRUSTEE	2 00 4 00	X						100	0	0
STEVEN C SJOGREN TRUSTEE	2 00 8 00	X						100	0	0
JAMES WADDELL TRUSTEE	2 00 6 00	X						100	0	0
RICHARD WALSH CHIEF OPERATING OFFICER	40 00 6 00	X		X				380,115	0	128,089
THOMAS R WALSH 2ND VICE CHAIRMAN/ASSIST SECR	2 00 4 00	X		X				100	0	0
FRANK WALTER IMMEDIATE PAST CHAIRMAN	2 00 6 00	X						100	0	0
AMY WILCOX TRUSTEE	2 00 4 00	X						100	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ALLEN WILLIAMS MD TRUSTEE	40 00 4 00	X						234,723	0	42,405
DONALD HARING VP FINANCE/TREASURER	40 00 8 00			X				337,218	0	77,750
KATHLEEN KELLY MD VP MEDICAL AFFAIRS	40 00				X			493,706	0	46,646
MERAT ESFAHANI MD PHYSICIAN	40 00					X		700,723	0	51,304
STEVEN MILOS MD PHYSICIAN	40 00					X		672,807	0	34,611
HARVEY EINHORN MD PHYSICIAN	40 00					X		581,050	0	76,883
PRAKASH PEDAPATI PHYSICIAN	40 00					X		494,342	0	35,799
HOWARD KAUFMAN DO PHYSICIAN	40 00					X		509,992	0	51,304

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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

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
SWEDISHAMERICAN HOSPITAL	36-2222696

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

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

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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		
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-		

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

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		128,808
j	Total Add lines 1c through 1i			128,808
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	PORTIONS OF THE 2012/2013 ILLINOIS HOSPITAL AND AMERICAN HOSPITAL ASSOCIATION DUES USED FOR LOBBYING $38,808 A LAW FIRM WAS ENGAGED TO REVIEW LEGISLATION AFFECTING HOSPITALS $90,000

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

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

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

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	6,007,307	6,377,718	5,553,681	5,098,504	6,059,940
b	Contributions	11,537	43,659	98,184	13,425	14,405
c	Net investment earnings, gains, and losses	668,467	-269,495	763,174	457,937	-958,754
d	Grants or scholarships					
e	Other expenditures for facilities and programs	115,555	144,575	37,321	16,185	17,087
f	Administrative expenses					
g	End of year balance	6,571,756	6,007,307	6,377,718	5,553,681	5,098,504

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 89 000 %
- c Temporarily restricted endowment ▶ 11 000 %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,459,970		2,459,970
b Buildings		199,231,376	99,067,041	100,164,335
c Leasehold improvements		10,437,795	5,154,204	5,283,591
d Equipment		200,838,795	130,986,156	69,852,639
e Other		6,804,872	5,004,630	1,800,242
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				179,560,777

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) DEFERRED BOND ISSUANCE COSTS	3,405,588
(2) ADVANCE TO AMERICAN RESTAURANT ASSOC (ARA)	189,268
(3) INTEREST IN NET ASSETS OF RECIPIENT ORGANIZATION	8,589,733
(4) GOODWILL	16,801,341
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	28,985,930

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
ESTIMATED DUE-3RD PARTY PAYORS	30,023,208
RESERVE FOR SELF INSURANCE	16,509,051
DEFERRED COMPENSATION	10,405,138
ASBESTOS RETIREMENT OBLIGATION	266,744
DUE TO AFFILIATED ORGANIZATION	1,729,510
CURRENT MATURITIES OF LONG TERM DEBT	4,653,979
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	63,587,630

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

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	TAX POSITIONS ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS TAX POSITIONS THAT MEET THE "MORE LIKELY THAN NOT" RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50% LIKELY TO BE REALIZED ON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY THE PORTION OF THE BENEFITS ASSOCIATED WITH THE TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE IS REFLECTED AS A LIABILITY FOR UNRECOGNIZED TAX BENEFITS IN THE ACCOMPANYING BALANCE SHEET ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION AT MAY 31, 2013 AND 2012, THERE WERE NO UNRECOGNIZED TAX BENEFITS IDENTIFIED OR RECORDED AS LIABILITIES

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 60000 0000000000 %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	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 financial assistance 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 eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	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 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			12,465,670		12,465,670	3 020 %
b Medicaid (from Worksheet 3, column a)			85,317,417	70,086,960	15,230,457	3 680 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			1,962,444	1,247,440	715,004	0 170 %
d **Total** Financial Assistance and Means-Tested Government Programs			99,745,531	71,334,400	28,411,131	6 870 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			6,464,568	2,042,782	4,421,786	1 070 %
g Subsidized health services (from Worksheet 6)			17,196,364	1,517,879	15,678,485	3 790 %
h Research (from Worksheet 7)			2,060,787	277,776	1,783,011	0 430 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			962,411	293,467	668,944	0 160 %
j **Total.** Other Benefits			26,684,130	4,131,904	22,552,226	5 450 %
k **Total.** Add lines 7d and 7j			126,429,661	75,466,304	50,963,357	12 320 %

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

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

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 30,745,393		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 4,611,750		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	72,661,597
6	Enter Medicare allowable costs of care relating to payments on line 5	6	85,940,016
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-13,278,419
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 FEATHERSTONE PARTNERSHIP LLC	AMBULATORY SURGERY CENTER	28 570 %	0 %	71 430 %
2	2 NORTHERN ILLINOIS VEIN CLINIC LLC	OUTPATIENT PHYSICIAN CLINIC	50 000 %	0 %	50 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	SWEDISHAMERICAN HOSPITAL 1401 E STATE STREET ROCKFORD,IL 61104	X	X		X		X	X			A
2	SWEDISHAMERICAN MEDICAL CTR BELVIDERE 1625 S STATE STREET BELVIDERE,IL 61008	X	X					X			A

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

FACILITY REPORTING GROUP - A

Name of hospital facility or facility reporting group _____

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 999

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $_____			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 600 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
26

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7G THE FOLLOWING SUBSIDIZED HEALTH SERVICES ARE FOR PHYSICIANS THESE PHYSICIANS ARE NECESSARY TO SERVE THE COMMUNITY, ARE DIFFICULT TO RECRUIT, AND THE REIMBURSEMENT DOES NOT COVER THE COST OF THE SERVICES HOSPITAL BASED PHYSICIANS' SPECIALTY CLINICS AND COVERAGE PAYMENTS $12,506,379EMERGENCY DEPARTMENT PHYSICIANS $1,301,269TOTAL $11,204,810
		PART I, L7 COL(F) THE BAD DEBT EXPENSE IN PART IX COLUMN A WAS SUBTRACTED FOR THE PURPOSE OF CALCULATING THE PERCENTAGE OF EXPENSE IS $30,745,393PART I, LINES 7 7A AND 7F COSTS WERE CALCULATED USING THE 2013 MEDICARE COST REPORT COST TO CHARGE RATIO LINES 7B AND 7C COSTS WERE CALCULATED USING THE COST ACCOUNTING SYSTEM THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS ALL OTHER AMOUNTS IN LINE 7 WERE CALCULATED USING DIRECT COSTS PART III, LINE 2 METHODOLOGY FOR DETERMINING BAD DEBT EXPENSE IT IS OUR PRACTICE TO IDENTIFY, TO THE EXTENT POSSIBLE, CHARITY CASES AT THE TIME OF SERVICE IF A PATIENT PROVIDES DOCUMENTATION THEY MEET OUR CHARITY CARE POLICY, THEY ARE NOT SENT TO COLLECTION THOSE PATIENTS WHO DO NOT MEET PRESUMPTIVE ELIGIBILITY AND FAIL TO APPLY OR PROVIDE DOCUMENTATION ARE SENT TO COLLECTION AFTER 90 DAYS THE ORGANIZATION AND ITS AGENTS FOLLOW THE FAIR PATIENT BILLING ACT IF DURING THE COLLECTION PROCESS WE OR OUR AGENTS BECOME AWARE OF A PATIENT QUALIFYING FOR CHARITY CARE OR FINANCIAL ASSISTANCE AND THE PATIENT COOPERATES WITH THE REQUIREMENTS OF THE CHARITY CARE POLICY, COLLECTION EFFORTS ARE CEASED AND THE ACCOUNT IS WRITTEN OFF TO CHARITY BAD DEBT EXPENSE REPORTED ON LINE 2 REPRESENTS THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IT IS DETERMINED BASED ON HISTORICAL EXPERIENCE OF UNCOLLECTIBLE AMOUNTS, AFTER CONTRACTUAL DISCOUNTS, PATIENT PAYMENTS AND AMOUNTS QUALIFYING UNDER CHARITY ASSISTANCE POLICY PART III, LINE 3 SWEDISHAMERICAN HOSPITAL'S CHARITY POLICY ALLOWS A 100% CHARITY WRITE-OFF FOR THOSE WITH HOUSEHOLD INCOME OF 200% OR LESS OF THE FEDERAL POVERTY LEVEL AND PARTIAL CHARITY WRITE-OFF FOR THOSE UP TO 600% OF THE POVERTY LEVEL THE LATEST DATA FROM THE U S CENSUS BUREAU FOR WINNEBAGO, BOONE AND OGLE COUNTIES, WHICH ARE THE COUNTIES SERVED BY THE HEALTHCARE FACILITIES, INDICATES THE FOLLOWING WINNEBAGO COUNTY -17% OF THE POPULATION IS BELOW THE POVERTY LEVEL, THE MEDIAN HOUSEHOLD INCOME WAS $47,543 AND A HOUSEHOLD SIZE OF 2 56, BOONE COUNTY - 10% OF THE POPULATION IS BELOW THE POVERTY LEVEL, THE MEDIAN HOUSEHOLD INCOME WAS $63,670 AND A HOUSEHOLD SIZE OF 3 01, OGLE - 10% OF THE POPULATION IS BELOW THE POVERTY LEVEL, THE MEDIAN HOUSEHOLD INCOME WAS $55,590 AND A HOUSEHOLD SIZE OF 2 54 THE 2012 POVERTY GUIDELINES PER THE OFFICE OF ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, (HTTP //ASPE HHS GOV) INDICATE FOR A HOUSEHOLD OF 3, AN INCOME $38,180 IS 200% OF THE POVERTY LEVEL AND $114,540 IS 600% OF THE POVERTY LEVEL APPROXIMATELY 92% OF OUR CHARITY WRITE-OFFS ARE FOR PATIENTS WITHOUT INSURANCE, WHILE 71% OF OUR BAD DEBT WRITE-OFFS ARE FOR PATIENTS WITHOUT INSURANCE IN 2013, ONLY 8% OF ALL ACCOUNTS WRITTEN OFF TO BAD DEBT WERE RECOVERED BASED ON THIS DEMOGRAPHIC AND INTERNAL DATA, WE BELIEVE THAT A MINIMUM OF 15% OF THE AMOUNTS WRITTEN OFF AS BAD DEBT WOULD QUALIFY FOR CHARITY, AND AS SUCH, 15% OF THE BAD DEBT EXPENSE FROM LINE 2 IS REPORTED ON LINE 3

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PATIENT RECEIVABLES ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL IDENTIFIES TROUBLED ACCOUNTS, REVIEWS HISTORICAL EXPERIENCE 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 UNCOLLECTIBLE ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR 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 UNCOLLECTIBLE ACCOUNTS
		PART III, LINE 8 SWEDISHAMERICAN HOSPITAL MUST TREAT PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THE GOVERNMENT SETS NON-NEGOTIALBE MEDICARE RATES AND THE REIMBURSEMENT FROM MEDICARE HAS NOT KEPT PACE WITH THE RISING COST OF PROVIDING THOSE SERVICES THE COST OF CARE HAS INCREASED DUE TO WAGES AND BENEFITS NECESSARY TO KEEP HIGH DEMAND SKILLED PRACTITIONERS, MEDICAL SUPPLIES IN PARTICULAR CARDIOVASCULAR AND ORTHOPEDIC IMPLANTS AND PHARMACEUTICALS, MALPRACTICE INSURANCE COSTS, AND CAPITAL EQUIPMENT SWEDISHAMERICAN HOSPITAL'S TREATMENT OF MEDICARE BENEFICIARIES RELIEVES THE FEDERAL GOVERNMENT BURDEN OF DIRECTLY PROVIDING MEDICAL CARE WHICH BY LAW THEY ARE REQUIRED TO PROVIDE TO ELIGIBLE BENEFICIARIES DUE TO THE REQUIREMENT TO PROVIDE CARE AND THE INABILITY OF MEDICARE REIMBURSEMENT TO KEEP PACE WITH THE COST OF PROVIDING SERVICES, WE FEEL THE LOSS FROM SERVICES PROVIDED TO MEDICARE BENEFICIARIES IS A PART OF OUR MISSION AND IS A BENEFIT TO OUR COMMUNITY THE FOLLOWING IS A RECONCILIATION OF THE SHORTFALL FROM MEDICARE REPORTED ON THE COST REPORT ON LINE 7 TO THE MEDICARE SHORTFALL FROM ALL THE MEDICARE PROGRAMS AT SWEDISHAMERICAN HOSPITAL THESE SHORTFALLS WERE CALCULATED USING THE COST TO CHARGE RATIO MEDICARE SHORTFALL HOSPITAL PROGRAMS PART III, LINE 7 ($13,278,419)MEDICARE SHORTFALL PHYSICIAN PROGRAMS ($29,524,589)TOTAL MEDICARE SHORTFALL ($42,703,008)

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ORGANIZATION AND ITS AGENTS FOLLOW THE FAIR PATIENT BILLING ACT IF DURING THE COLLECTION PROCESS WE OR OUR AGENTS BECOME AWARE OF A PATIENT QUALIFYING FOR CHARITY CARE OR FINANCIAL ASSISTANCE AND THE PATIENT COOPERATES WITH THE REQUIREMENTS OF THE CHARITY CARE POLICY, COLLECTION EFFORTS ARE CEASED
		PART III, LINE 2 METHODOLOGY FOR DETERMINING BAD DEBT EXPENSE IT IS OUR PRACTICE TO IDENTIFY, TO THE EXTENT POSSIBLE, CHARITY CASES AT THE TIME OF SERVICE IF A PATIENT PROVIDES DOCUMENTATION THEY MEET OUR CHARITY CARE POLICY, THEY ARE NOT SENT TO COLLECTION THOSE PATIENTS WHO DO NOT MEET PRESUMPTIVE ELIGIBILITY AND FAIL TO APPLY OR PROVIDE DOCUMENTATION ARE SENT TO COLLECTION AFTER 90 DAYS THE ORGANIZATION AND ITS AGENTS FOLLOW THE FAIR PATIENT BILLING ACT IF DURING THE COLLECTION PROCESS WE OR OUR AGENTS BECOME AWARE OF A PATIENT QUALIFYING FOR CHARITY CARE OR FINANCIAL ASSISTANCE AND THE PATIENT COOPERATES WITH THE REQUIREMENTS OF THE CHARITY CARE POLICY, COLLECTION EFFORTS ARE CEASED AND THE ACCOUNT IS WRITTEN OFF TO CHARITY BAD DEBT EXPENSE REPORTED ON LINE 2 REPRESENTS THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IT IS DETERMINED BASED ON HISTORICAL EXPERIENCE OF UNCOLLECTIBLE AMOUNTS, AFTER CONTRACTUAL DISCOUNTS, PATIENT PAYMENTS AND AMOUNTS QUALIFYING UNDER CHARITY ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
		PART III, LINE 3 SWEDISHAMERICAN HOSPITAL'S CHARITY POLICY ALLOWS A 100% CHARITY WRITE-OFF FOR THOSE WITH HOUSEHOLD INCOME OF 200% OR LESS OF THE FEDERAL POVERTY LEVEL AND PARTIAL CHARITY WRITE-OFF FOR THOSE UP TO 600% OF THE POVERTY LEVEL THE LATEST DATA FROM THE U S CENSUS BUREAU FOR WINNEBAGO, BOONE AND OGLE COUNTIES, WHICH ARE THE COUNTIES SERVED BY THE HEALTHCARE FACILITIES, INDICATES THE FOLLOWING WINNEBAGO COUNTY -17% OF THE POPULATION IS BELOW THE POVERTY LEVEL, THE MEDIAN HOUSEHOLD INCOME WAS $47,543 AND A HOUSEHOLD SIZE OF 2 56, BOONE COUNTY - 10% OF THE POPULATION IS BELOW THE POVERTY LEVEL, THE MEDIAN HOUSEHOLD INCOME WAS $63,670 AND A HOUSEHOLD SIZE OF 3 01, OGLE - 10% OF THE POPULATION IS BELOW THE POVERTY LEVEL, THE MEDIAN HOUSEHOLD INCOME WAS $55,590 AND A HOUSEHOLD SIZE OF 2 54 THE 2012 POVERTY GUIDELINES PER THE OFFICE OF ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, (HTTP //ASPE HHS GOV) INDICATE FOR A HOUSEHOLD OF 3, AN INCOME $38,180 IS 200% OF THE POVERTY LEVEL AND $114,540 IS 600% OF THE POVERTY LEVEL APPROXIMATELY 92% OF OUR CHARITY WRITE-OFFS ARE FOR PATIENTS WITHOUT INSURANCE WHILE 71% OF OUR BAD DEBT WRITE-OFFS ARE FOR PATIENTS WITHOUT INSURANCE IN 2013 ONLY 8% OF ALL ACCOUNTS WRITTEN OFF TO BAD DEBT WERE RECOVERED BASED ON THIS DEMOGRAPHIC AND INTERNAL DATA WE BELIEVE THAT A MINIMUM OF 15% OF THE AMOUNTS WRITTEN OFF AS BAD DEBT WOULD QUALIFY FOR CHARITY, AND AS SUCH 15% OF THE BAD DEBT EXPENSE FROM LINE 2 IS REPORTED ON LINE 3
		PART VI, LINE 2 SWEDISHAMERICAN HOSPITAL HAS PROVIDED A THIRD OF THE MONETARY SUPPORT FOR THE 2010 HEALTHY COMMUNITY STUDY, CONDUCTED BY THE ROCKFORD HEALTH COUNCIL THE COUNCIL CONSISTS OF THE MAJOR HEALTH CARE PROVIDERS IN OUR METROPOLITAN AREA SUCH AS THE THREE HOSPITALS, CRUSADER CLINIC (A FEDERALLY QUALIFIED HEALTHCARE CLINIC), THE UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE, JANET WATTLES MENTAL HEALTH CENTER, ROSECRANCE SUBSTANCE ABUSE CENTER AS WELL AS SEVERAL REPRESENTATIVES OF NOT-FOR-PROFIT AGENCIES, AND MEMBERS OF THE CORPORATE COMMUNITY SINCE 2001, AN ASSESSMENT HAS BEEN COMPLETED EVERY THREE YEARS TO IDENTIFY AND TRACK TRENDS AS WELL AS AREAS TO ADDRESS THESE STAKEHOLDERS UNDERSTAND THE NEED FOR A COMPREHENSIVE COMMUNITY STUDY THAT IS FOCUSED ON THE OVERALL NEEDS OF THE COMMUNITY SWEDISHAMERICAN HAS USED THIS DATA TO LAUNCH INNOVATIVE PROGRAMS AND COLLABORATIVE PARTNERSHIPS SUCH AS CARDIAC SCREENINGS WITHIN MINORITY COMMUNITIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FOR SERVICES PROVIDED IN THE HOSPITAL, OUR EMPLOYEES AND OUR AGENTS FOLLOW THE FAIR PATIENT BILLING ACT AND PROVIDE INFORMATION REGARDING THE AVAILABILITY OF CHARITY AND FINANCIAL ASSISTANCE AT ALL POINTS DURING THE COLLECTION PROCESS WE HAVE POSTED SIGNAGE DISCLOSING THE AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE IN EMERGENCY ROOMS AND ON OUR WEBSITE INPATIENTS ARE PROVIDED VARIOUS WRITTEN COMMUNICATIONS REGARDING THE AVAILABILITY OF CHARITY CARE AND FINANCIAL ASSISTANCE, AND ANY UNINSURED PATIENTS ARE SCREENED FOR MEDICAID AND ILLINOIS UNINSURED DISCOUNT ELIGIBILITY FOR SERVICES PROVIDED IN PHYSICIAN OFFICES, FINANCIAL COUNSELORS ARE INSTRUCTED TO MAKE THE PATIENTS AWARE OF THE CHARITY CARE AND FINANCIAL ASSISTANCE POLICY DURING THE COLLECTION PROCESS AND EDUCATE THEM ON THE PROCESS OF APPLYING FOR MEDICAID FOR SERVICES PROVIDED BY HOME HEALTH, SOCIAL WORKERS ASSIST PATIENTS BY SCREENING FOR MEDICAID ELIGIBILITY AND COMPLETING THE APPLICATION, COMPLETING CHARITY CARE APPLICATION, ASSISTING IN APPLYING FOR MEDICARE AND SOCIAL SECURITY DISABILITY BENEFITS, AND ASSISTING WITH APPLICATIONS FOR FOOD STAMP, LOW INCOME ENERGY ASSISTANCE, AND CIRCUIT BREAKER/ILLINOIS CARES PRESCRIPTION PROGRAMS
		PART VI, LINE 4 FOR MORE THAN 100 YEARS, ROCKFORD, ILLINOIS HAS BEEN KNOWN AS A MAJOR INDUSTRIAL MANUFACTURING CENTER OF MACHINE TOOLS, INDUSTRIAL FASTENERS, AUTOMOTIVE PARTS AND AEROSPACE COMPONENTS THE ROCKFORD METROPOLITAN POPULATION HAS GROWN TO MORE THAN 250,000 PEOPLE AND IT SERVES AS THE REGIONAL TRADE CENTER FOR MORE THAN 400,000 PEOPLE IN NORTHERN ILLINOIS MAJOR EMPLOYERS IN OUR SERVICE AREA INCLUDE CHRYSLER, HAMILTON SUNDSTRAND, TEXTRON, CITY OF ROCKFORD, ROCKFORD PUBLIC SCHOOLS, AND THREE AREA HOSPITALS ROCKFORD BOASTS MANY GREAT PARKS, SHOPPING, DINING, CULTURAL ACTIVITIES, ENTERTAINMENT AND EDUCATIONAL OPPORTUNITIES BUT LIKE MANY CITIES IN THE UPPER MIDWEST, IT ALSO CONTINUES TO STRUGGLE TO COMPETE IN WHAT IS NOW A GLOBAL MANUFACTURING ECONOMY IN THE 1980S, ROCKFORD'S UNEMPLOYMENT RATE REACHED 25 PERCENT, THE HIGHEST IN THE NATION, AND IT BECAME A SYMBOL FOR THE PLIGHT OF A "RUST BELT" CITY ALTHOUGH THE ECONOMY IS MORE DIVERSIFIED NOW, ROCKFORD REMAINS HEAVILY DEPENDENT ON MANUFACTURING ALSO IN THE 1980S, CHARGES OF DISCRIMINATION WERE LEVELED AT THE PUBLIC SCHOOL DISTRICT, CULMINATING IN A FEDERAL LAWSUIT AND 12 YEARS OF FEDERAL SUPERVISION THESE TWO MAJOR DEVELOPMENTS HAVE HAD THEIR EFFECT ON THE LOCAL ECONOMY, THE STABILITY OF GOOD PAYING JOBS AND THE PSYCHE AND SELF-ESTEEM OF THE COMMUNITY THEY ALSO HAVE AFFECTED ROCKFORD'S CHANGING ROLE AND IMPORTANCE TO THE REGION, STATE, AND TO SOME DEGREE THE NATION UNQUESTIONABLY, THESE DYNAMICS HAVE IMPACTED HEALTHCARE IN THE COMMUNITY TODAY, ROCKFORD'S UNEMPLOYMENT RATE OF 13 4% IS 15TH HIGHEST IN THE NATION LOSS OF MANUFACTURING JOBS AND HEALTH INSURANCE COVERAGE HAS CONTRIBUTED TO STRESS AND STRAIN ON EMPLOYERS, EMPLOYEES AND HEALTHCARE PROVIDERS TWO COMMUNITY SURVEYS HAVE IDENTIFIED HEART DISEASE, DIABETES, CANCER, PRE-NATAL CARE AND DEPRESSION AS MAJOR HEALTHCARE ISSUES IN OUR MARKET SWEDISHAMERICAN HELPED FUND THE 2010 ROCKFORD HEALTHY COMMUNITY STUDY IN PARTNERSHIP WITH THE UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE AT ROCKFORD AND THE ROCKFORD HEALTH COUNCIL THE STUDY REVEALED THAT MORE THAN 20 PERCENT OF THE RESIDENTS IN OUR HOSPITAL'S ZIP CODE LIVE BELOW THE POVERTY LEVEL, AND THAT THE MEDIAN HOUSEHOLD INCOME OF $25,527 IS THE LOWEST OF ALL ROCKFORD-AREA ZIP CODES OUT-OF-POCKET HEALTHCARE COSTS ARE A PROBLEM FOR MORE THAN 45 PERCENT OF THIS AREA'S RESIDENTS, WHICH IS THE HIGHEST RATE IN THE CITY OF ROCKFORD ADDITIONALLY, MANY RESIDENTS IN THIS VICINITY-WHICH IS AMONG THE STATE'S MOST DEPRESSED AREAS-ARE NOT ABLE TO RECEIVE NEEDED PHYSICAL OR MENTAL HEALTHCARE THE UNITED WAY OF ROCK RIVER VALLEY' COMMUNITY ASSESSMENT FURTHER REVEALED THAT MANY LOCAL RESIDENTS LACK HEALTH INSURANCE AND ACCESS TO PRIMARY HEALTHCARE, LEADING TO PREMATURE MORBIDITY THE ROCKFORD HEALTHY COMMUNITY STUDY IDENTIFIED EXTREMELY LOW LEVELS OF HOME OWNERSHIP IN SWEDISHAMERICAN HOSPITAL'S IMMEDIATE VICINITY ACCORDING TO THE STUDY, MORE THAN 60 PERCENT OF RESIDENTS RENTED, WHICH WAS MUCH HIGHER THAN THE OVERALL SAMPLE (APPROXIMATELY 17 PERCENT) THE STUDY ALSO INDICATED THAT MORE THAN 12 PERCENT OF AREA RESIDENTS COULD NOT AFFORD TO MAKE BASIC HOME REPAIRS THE UNITED WAY'S ASSESSMENT FURTHER IDENTIFIED THE NEED FOR MORE AFFORDABLE PERMANENT HOUSING UNITS, STATING "EVEN THOUGH HOUSING IN ROCKFORD IS AMONG THE MOST AFFORDABLE IN THE COUNTRY, MANY FAMILIES, ESPECIALLY RENTERS, CANNOT AFFORD SHELTER " BY VIRTUE OF ITS MISSION, LOCATION IN THE CENTRAL CITY AND RELATIONSHIPS WITH OTHER PROVIDERS, SWEDISHAMERICAN SERVES THE NEEDS OF MANY OF THE COMMUNITY'S UNDERSERVED FINDING WAYS TO IMPROVE THE HEALTH OF ALL AND TO MAKE ROCKFORD A MODEL COMMUNITY IN WHICH TO LIVE, WORK AND WORSHIP ARE SIGNIFICANT AND STRATEGIC INITIATIVES FOR SWEDISHAMERICAN

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 ALTHOUGH SWEDISHAMERICAN HOSPITAL'S COMMUNITY SERVICE EFFORTS REACH A BROAD SEGMENT OF THE POPULATION THROUGHOUT NORTHERN ILLINOIS, THE HOSPITAL DEVOTES A GREAT DEAL OF ITS ENERGY AND RESOURCES TO SERVING THE CITY'S NEEDIEST PEOPLE, MANY OF WHOM LIVE IN THE URBAN CORE WHERE SWEDISHAMERICAN IS LOCATED OUR ORGANIZATION CONTRIBUTES MILLIONS OF DOLLARS TO CHARITY AND MEDICAID CARE EACH YEAR RECOGNIZING THAT HEALTHY COMMUNITIES ARE CHARACTERIZED BY STRONG INTERCONNECTIONS BETWEEN RESIDENTS, INFRASTRUCTURE, ORGANIZATIONS AND SERVICES, WE HAVE WORKED IN PARTNERSHIP WITH OTHER COMMUNITY-BASED ORGANIZATIONS AS PART OF THE NON-PROFIT ROCKFORD HEALTH COUNCIL INC THE COUNCIL SEEKS TO BUILD AND IMPROVE COMMUNITY HEALTH THROUGH EDUCATION, ACTION, DIALOGUE AND LEGISLATIVE ACTIVITY AND SERVE AS A CATALYST AND COORDINATOR FOR AGENCY AND INDIVIDUAL ACTION TO ENSURE ACCESS, COST EFFECTIVENESS AND QUALITY BEYOND OUR WORK WITH THE COUNCIL, SOME OF OUR INITIATIVES TAKE PLACE IN CONCERT WITH OTHER INDIVIDUAL COMMUNITY ORGANIZATIONS AND HEALTHCARE PROVIDERS, WHILE OTHERS ARE CARRIED OUT BY SWEDISHAMERICAN HOSPITAL TEAMS SWEDISHAMERICAN HAS SOUGHT TO IMPROVE THE COMMUNITY'S HEALTH BY TAKING EFFECTIVE LIFESTYLE MODIFICATION PROGRAMS TO THE PEOPLE WHO NEED THEM MOST ALTHOUGH THIS APPLIES TO THE COMMUNITY AT LARGE, WE HAVE TAKEN SPECIAL EFFORTS TO BRING THESE STRATEGIES TO THE CITY'S ELDERLY AND UNDERSERVED RESIDENTS THIS IS DEMONSTRATED BY OUR SUCCESSFUL PROGRAM TO IMPROVE THE HEALTH OF RESIDENTS AT LONGWOOD PLAZA, A SENIOR HOUSING FACILITY LOCATED TWO BLOCKS FROM OUR HOSPITAL'S CAMPUS FINALLY, BEYOND LIFESTYLE MODIFICATION OUR ONGOING COMMUNITY HEALTH INITIATIVES INVOLVE RESEARCH-BASED HEALTH SCREENING PROGRAMS, AS WELL AS UNIQUE HEALTH EDUCATION EVENTS THAT TARGET BOTH AT-RISK MEMBERS OF THE COMMUNITY AND HEALTHCARE PROVIDERS OUR MISSION IS "THROUGH EXCELLENCE IN HEALTHCARE AND COMPASSIONATE SERVICE WE CARE FOR OUR COMMUNITY " IN FURTHERANCE OF ITS EXEMPT PURPOSE SWEDISHAMERICAN HOSPITAL CONTINUALLY INVESTS IN THE SURROUNDING COMMUNITY WITH PHYSICIAN ACQUISITIONS AND REGIONAL EXPANSION TO ASSURE ACCESS TO HEALTH CARE SWEDISHAMERICAN HOSPITAL ALSO ESTABLISHED CENTERS OF EXCELLENCE AND ALLIANCES WITH OTHER HEALTH CARE PROVIDERS, INCLUDING CRUSADER CLINIC, A FEDERALLY QUALIFIED HEALTH CENTER, AND UNIVERSITY OF WISCONSIN THIS ASSURES THE COMMUNITY WE SERVE RECEIVES THE HIGHEST QUALITY CARE WE ALSO INVEST IN TECHNOLOGY TO ASSURE COST EFFECTIVE CARE IS DELIVERED FOR WHICH SWEDISHAMERICAN HOSPITAL HAS WON NUMEROUS AWARDS FOR ITS QUALITY OF CARE IN ADDITION, SWEDISHAMERICAN HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF AND COMMUNITY BOARD AS PART OF ITS EXEMPT PURPOSE
		PART VI, LINE 6 SWEDISHAMERICAN HOSPITAL IS A STAND ALONE HEALTH CARE PROVIDER THAT INCLUDES TWO ACUTE CARE HOSPITALS, PHYSICIAN CLINICS, PHYSICIAN EMERGENCY SERVICES, AND HOME HEALTH CARE SWEDISHAMERICAN FOUNDATION IS A SUBSIDIARY OF SWEDISHAMERICAN HOSPITAL AND IS ORGANIZED FOR TAX PURPOSES AS A SUPPORTING ORGANIZATION IN ORDER TO IMPROVE THE LOW RATE OF HOME OWNERSHIP IDENTIFIED IN THE ROCKFORD HEALTHY COMMUNITY STUDY, SWEDISHAMERICAN FOUNDATION (SAF) INITIATED A NEIGHBORHOOD REVITALIZATION PROGRAM IN A SIX-BLOCK AREA DIRECTLY SOUTH OF OUR HOSPITAL CAMPUS SAF'S NEIGHBORHOOD REVITALIZATION EFFORT INCLUDES HABITAT FOR HUMANITY HOMES SAF ENTERED INTO A FORMAL AGREEMENT WITH THE ROCKFORD HABITAT FOR HUMANITY CHAPTER IN 2002 TO CONSTRUCT NEW AREA HOMES BY THE END OF 2012, A TOTAL OF 29 HABITAT FOR HUMANITY HOMES HAVE NOW BEEN COMPLETED AND SOLD TO LOW-INCOME HOME OWNERS NEW CITY-BUILT HOMES SAF PURCHASED AND RAZED THREE, ADDITIONAL SUBSTANDARD HOMES IN THE NEIGHBORHOOD AND PROVIDED THE LOTS TO THE CITY OF ROCKFORD THE CITY SUBSEQUENTLY BUILT THREE NEW HOMES ON THESE SITES FOR SALE TO MODERATE INCOME FAMILIES WITH PURCHASE ASSISTANCE CRUISE FUNDRAISER OVER THE PAST 17 YEARS, SAF'S ANNUAL FUNDRAISING GALA HAS RAISED MORE THAN $1,000,000, WHICH HAS BEEN REINVESTED INTO COMMUNITY IMPACT INITIATIVES, SUCH AS SCHOOL PHYSICALS AND IMMUNIZATIONS FOR AREA CHILDREN AND CANCER SCREENINGS FOR NEIGHBORHOOD RESIDENTS NEIGHBORHOOD PLAYGROUND AND PARKS BECAUSE AREA CHILDREN DID NOT HAVE A SAFE PLACE TO PLAY, SAF PURCHASED THREE CONTIGUOUS PIECES OF PROPERTY, REMOVED EXISTING COMMERCIAL AND RESIDENTIAL STRUCTURES AND PARTNERED WITH TWO LOCAL CHARITIES TO CONSTRUCT A NEW NEIGHBORHOOD PLAYGROUND DRIVEWAY/GARAGE RENOVATION PROJECT FOLLOWING A NEIGHBORHOOD-WIDE SURVEY, SAF COORDINATED AND IMPLEMENTED A GARAGE CONSTRUCTION AND DRIVEWAY REPLACEMENT PROGRAM IN ADDITION TO INCREASING EXISTING HOME VALUES, THIS PROGRAM WILL HELP REDUCE ON-STREET PARKING, THEREBY INCREASING TRAFFIC FLOW AND MAKING PARKED CARS LESS VISIBLE/ACCESSIBLE TO POTENTIAL THIEVES AND VANDALS REVERSE HOME GIFT ANNUITY PROGRAM TO HELP STRUGGLING ELDERLY RESIDENTS REMAIN IN THEIR HOMES, SAF DEVELOPED A PROGRAM WHEREBY HOMEOWNERS DEED PHYSICAL OWNERSHIP OF THEIR PROPERTY TO THE FOUNDATION IN EXCHANGE FOR THE RIGHT TO LIVE IN THEIR HOME UNTIL DEATH OR INCAPACITY SAF ASSUMES RESPONSIBILITIES FOR TAXES, REPAIRS, UPKEEP, LAWN MAINTENANCE AND SNOW REMOVAL UPON TAKING ULTIMATE POSSESSION OF A HOUSE, IT WILL BE SOLD TO AN EMPLOYEE OR OTHER OWNER OCCUPANT, TO HELP INCREASE [OR AT LEAST MAINTAIN] A SIGNIFICANT PERCENTAGE OF OWNER OCCUPIED HOMES HOMEOWNER GRANTS TO EMPLOYEES SINCE 2004, SWEDISHAMERICAN HOSPITAL HAS OFFERED $5,000 DOWN PAYMENT ASSISTANCE TO EMPLOYEES TO HELP ENCOURAGE HOME OWNERSHIP IN THE SIX-BLOCK AREA SURROUNDING THE HOSPITAL THIS INITIATIVE INCLUDES A FIVE-YEAR FORGIVABLE GRANT TO EMPLOYEES IN GOOD STANDING WITH NO INCOME RESTRICTIONS, AND A SECOND POSSIBLE $5,000 GRANT FOR LOW-INCOME EMPLOYEES SINCE INCEPTION, THIS PROGRAM HAS ASSISTED 17 EMPLOYEES PURCHASE HOMES IN THE SWEDISHAMERICAN NEIGHBORHOOD HOME RESTORATION SINCE 2004, SAF HAS PURCHASED A TOTAL OF 27 HOMES IN THE NEIGHBORHOOD TARGET AREA, REHABBED THEM AND MADE THEM AVAILABLE TO EMPLOYEES, FIREFIGHTERS, POLICE OFFICERS AND PUBLIC SCHOOL TEACHERS, AT DISCOUNT (LESS THAN THE COST OF PURCHASE AND REPAIRS) TO DATE, 20 HOMES HAVE BEEN SOLD TO EMPLOYEES AND OTHER ELIGIBLE OWNER OCCUPANTS IN ORDER TO ALLEVIATE FIRST-TIME HOME BUYERS' CONCERNS ABOUT THE RISING COSTS OF OWNERSHIP, THESE HOMES HAVE A SOLID ROOF, SIDING, PLUMBING, ELECTRICAL, AND A GOOD WORKING FURNACE THIS PROGRAM WILL CONTINUE FOR AT LEAST FOUR ADDITIONAL YEARS IN COOPERATION WITH ROCKFORD EAST HIGH SCHOOL AND DE LA GARDIE HIGH SCHOOL/GYMNASIET (LIDKOPINGS, SWEDEN), THE SWEDISHAMERICAN FOUNDATION CONSTRUCTED TWO NEW NEIGHBORHOOD HOUSES AVAILABLE FOR SALE TO EMPLOYEES OR OTHER ELIGIBLE OWNER-OCCUPANTS IN ADDITION, THE FOUNDATION HAS PURCHASED TWO, 12-UNIT APARTMENT BUILDINGS ADJACENT TO THE HOSPITAL CAMPUS WHICH WERE IN A STATE OF DISREPAIR APPROXIMATELY THREE-QUARTERS OF A MILLION DOLLARS WERE INVESTED IN THESE TWO BUILDINGS TO BRING THEM TO "MARKET RATE" STATUS ENCOURAGED BY OUR COMMITMENT TO RENOVATE OUR CAMPUS AND REVITALIZE THE SURROUNDING AREA, A NUMBER OF COMMERCIAL DEVELOPMENTS HAVE OCCURRED AMONG THEM IS A NEW WALGREEN'S DRUG STORE, WHICH RETURNED RETAIL PHARMACY SERVICES TO THE AREA FOR THE FIRST TIME IN YEARS A THREE-STORY OFFICE BUILDING SOUTH OF THE NEW WALGREEN'S WAS COMPLETED FOLLOWED BY A 60,000-SQUARE-FOOT MEDICAL OFFICE BUILDING SOUTH OF THE HOSPITAL

Identifier	ReturnReference	Explanation
		PART I LINE 6A AND PART VI LINE 7 - SWEDISHAMERICAN HOSPITAL FILES A COMMUNITY BENEFIT REPORT WITH THE ILLINOIS ATTORNEY GENERAL
PART V, LINE 8 FACILITY REPORTING GROUP A		SEE BELOW

Identifier	ReturnReference	Explanation
FACILITY 1 -- SWEDISHAMERICAN HOSPITAL	PART V, SECTION B, LINE 3	PART V, SECTION B, LINE 3 PRIMARY DATA WAS COLLECTED FROM INTERVIEWS WITH COMMUNITY LEADERS AND STAKEHOLDERS THE HOSPITALS COMMISSIONED IN-DEPTH INTERVIEWS WITH COMMUNITY MEMBERS WHO REPRESENT THE BROAD INTERESTS AS WELL AS THE SPECIFIC POPULATIONS IN THE ROCKFORD AREA THE INTERVIEWS MEASURED PERSPECTIVES ON A RANGE OF ISSUES THAT AFFECT THE POPULATION'S HEALTH AND WELL-BEING, E G , COMMUNITY RESOURCES, BARRIERS TO HEALTH CARE PROVIDERS, AND REASONS FOR HIGH RATES OF DISEASE AND MORTALITY INTERVIEWS WERE COMPLETED WITH THE INDIVIDUALS FROM THE FOLLOWING ORGANIZATIONS LIFESCAPE COMMUNITY SERVICESSHELTER CARE MINISTRIESEMPLOYERS'S COALITION ON HEALTHROCKFORD AREA ECONOMIC DEVELOPMENT COUNCILCITY OF BELVIDEREROCKFORD CHAMBER OF COMMERCEOGLE COUNTY PUBLIC HEALTH DEPARTMENTSTATE SENATE REPRESENTATIVE OF ROCKFORD/BELVIDEREROSECRANCE HEALTH NETWORKWINNEBAGO COUNTY PUBLIC HEALTH DEPARTMENTBELVIDERE COMMUNITY UNIT SCHOOL DISTRICT 100CRUSADER COMMUNITY HEATHROCK VALLEY COLLEGEWINNEGAGO COUNTY STATE'S ATTORNEY'S OFFICEYWCA ROCKFORDLA VOZ LATINAUNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE, ROCKFORDCITY OF ROCKFORD
FACILITY 1 -- SWEDISHAMERICAN HOSPITAL	PART V, SECTION B, LINE 4	PART V, SECTION B, LINE 4 SWEDISHAMERICAN HOSPITAL HAS TWO HOSPITAL FACILITIES, SWEDISHAMERICAN HOSPITAL LOCATED IN ROCKFORD, ILLINOIS, AND SWEDISHAMERICAN MEDICAL CENTER BELVIDERE LOCATED IN BELVIDERE, ILLINOIS THE DEFINITION OF THE COMMUNITY FOR PURPOSES OF THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS BASED ON THE PATIENT ORIGIN INFORMATION BY ZIP CODE FOR COMBINED EMERGENCY ROOM AND INPATIENT DISCHARGES AT BOTH FACILITIES THE COUNTIES OF BOONE, OGLE AND WINNEBAGO REPRESENTED 86% OF EMERGENCY ROOM AND 85% OF INPATIENTS COUNTIES AND THEREFORE WAS THE DEFINITION OF THE COMMUNITY FOR THE CHNA THE CHNA CONDUCTED TOGETHER FOR BOTH FACILITIES

Identifier	ReturnReference	Explanation
FACILITY 1 -- SWEDISHAMERICAN HOSPITAL	PART V, SECTION B, LINE 5C	THE CHNA FOR BOTH HOSPITAL FACILITES CAN BE ACCESSED AT HTTP //WWW SWEDISHAMERICAN ORG/ABOUT/CHNA/
FACILITY 1 -- SWEDISHAMERICAN HOSPITAL	PART V, SECTION B, LINE 7	PART V, SECTION B, LINE 7 THE CHNA WAS COMPLETED APRIL 25, 2013 AND THE CHNA AND IMPLEMENTATION STRATEGY WERE PUBLISHED BY MAY 31, 2013 MANY OF THE ACTION PLANS WERE IN PROCESS, BUT DUE TO TIMING, WERE NOT ABLE TO BE COMPLETED BY THE END OF THE TAX YEAR

Identifier	ReturnReference	Explanation
FACILITY 1 -- SWEDISHAMERICAN HOSPITAL	PART V, SECTION B, LINE 14G	THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS TRANSPARENT AND AVAILABLE TO ALL, AT ALL POINTS IN THE CONTINUUM, IN LANGUAGES APPROPRIATE FOR HOSPITAL'S SERVICE AREA THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, APPLICATION FORM, SIGNAGE, AND FINANCIAL COUNSELOR CONTACT INFORMATION ARE AVAILABLE IN ENGLISH AND SPANISH SIGNAGE IS POSTED PROMINENTLY AT ALL POINTS OF ADMISSION AND REGISTRATION (INCLUDING THE EMERGENCY DEPARTMENT) WRITTEN INFORMATION ABOUT THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY AND COPIES OF THE FINANCIAL ASSISTANCE FORM ARE AVAILABLE IN ADMISSION AND REGISTRATION AREAS THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, APPLICATION FORM AND FINANCIAL COUNSELOR CONTACT INFORMATION ARE ALSO POSTED ON THE HOSPITAL'S WEBSITE THE HOSPITAL WILL MAKE EFFORTS TO PUBLICIZE ITS POLICY IN PRINT AND TELEVISION MEDIA, WHEREVER PRACTICABLE PATIENT BILLING COMMUNICATIONS ALSO INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE EACH BILL, INVOICE, OR OTHER SUMMARY OF CHARGES TO AN UNINSURED PATIENT INCLUDES WITH IT, OR ON IT, A PROMINENT STATEMENT THAT AN UNINSURED PATIENT WHO MEETS CERTAIN INCOME REQUIREMENTS MAY QUALIFY FOR FINANCIAL ASSISTANCE AND INFORMATION ON HOW TO APPLY FOR CONSIDERATION UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY ALL THIRD-PARTY AGENTS WHO SUBMIT OR COLLECT BILLS ON BEHALF OF HOSPITAL ARE REQUIRED TO FOLLOW THIS POLICY
FACILITY 1 -- SWEDISHAMERICAN HOSPITAL	PART V, SECTION B, LINE 20D	THE MAXIMUM AMOUNT THAT MAY BE COLLECTED IN A 12-MONTH PERIOD FROM AN UNINSURED PATIENT WITH FAMILY INCOME OF LESS THAN OR EQUAL TO 600% OF THE FEDERAL POVERTY GUIDELINES FOR MEDICALLY NECESSARY SERVICES IS 25% OF THAT PATIENT'S FAMILY INCOME THE HOSPITAL WILL DETERMINE, ON A CASE-BY-CASE BASIS, WHETHER TO EXTEND THE SAME OR SIMILAR 12-MONTH MAXIMUM COLLECTIBLE AMOUNT TO ANY OTHER QUALIFYING SELF-PAY PATIENT WITH FAMILY INCOME OF LESS THAN OR EQUAL TO 600% OF THE FEDERAL POVERTY GUIDELINES FOR QUALIFYING SERVICES THE HOSPITAL RESERVES THE RIGHT TO EXCLUDE PATIENTS HAVING ASSETS WITH A VALUE IN EXCESS OF 600% OF THE FEDERAL POVERTY GUIDELINES FROM THE APPLICATION OF THE 12-MONTH MAXIMUM COLLECTIBLE AMOUNT FOR PURPOSES OF DETERMINING THE APPLICABILITY OF THE 12-MONTH MAXIMUM COLLECTIBLE AMOUNT, THE FOLLOWING ASSETS SHALL NOT BE COUNTED A THE UNINSURED PATIENT'S PRIMARY RESIDENCE B PERSONAL PROPERTY EXEMPT FROM JUDGMENT UNDER SECTION 12-1001 OF THE CODE OF CIVIL PROCEDURE C ANY AMOUNTS HELD IN A PENSION OR RETIREMENT PLAN, PROVIDED, HOWEVER, THAT DISTRIBUTIONS AND PAYMENTS FROM PENSION OR RETIREMENT PLAN MAY BE INCLUDED AS INCOME TO BE ELIGIBLE TO HAVE THIS MAXIMUM AMOUNT APPLIED TO SUBSEQUENT CHARGES, A PATIENT SHALL INFORM THE HOSPITAL, IN SUBSEQUENT HOSPITAL IN-PATIENT ADMISSIONS OR OUTPATIENT ENCOUNTERS, THAT THE PATIENT HAS PREVIOUSLY RECEIVED MEDICALLY NECESSARY SERVICES FROM THE HOSPITAL AND WAS DETERMINED TO BE ENTITLED TO DISCOUNTED CARE UNDER THIS POLICY IN NO EVENT SHALL A PATIENT WHO RECEIVES FINANCIAL ASSISTANCE UNDER THIS POLICY BE CHARGED "GROSS CHARGES" IN VIOLATION OF THE INTERNAL REVENUE CODE SECTION 501(R)(5)(B) FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE PROVIDED TO PATIENTS WHO RECEIVE FINANCIAL ASSISTANCE UNDER THIS POLICY, HOSPITAL SHALL NOT CHARGE AMOUNTS IN EXCESS OF CHARGES ALLOWED UNDER INTERNAL REVENUE CODE 501(R)(5)(A) ASSETS ARE NOT CONSIDERED IN DETERMINING A SELF-PAY PATIENT'S ELIGIBILITY FOR FINANCIAL ASSISTANCE UNDER THIS POLICY, EXCEPT FOR PURPOSES OF A DETERMINING THE APPLICABILITY OF THE 12-MONTH MAXIMUM COLLECTIBLE AMOUNT DESCRIBED ABOVE, ANDB IN THE CASE OF A MEDICARE BENEFICIARY, APPLYING THE MANDATORY ASSET TEST FOR MEDICARE BENEFICIARIES DESCRIBED ABOVE

Identifier	ReturnReference	Explanation
FACILITY 2 -- SWEDISHAMERICAN MEDICAL CTR BELVIDERE	PART V, SECTION B, LINE 3	PRIMARY DATA WAS COLLECTED FROM INTERVIEWS WITH COMMUNITY LEADERS AND STAKEHOLDERS THE HOSPITALS COMMISSIONED IN-DEPTH INTERVIEWS WITH COMMUNITY MEMBERS WHO REPRESENT THE BROAD INTERESTS AS WELL AS THE SPECIFIC POPUATIONS IN THE ROCKFORD AREA THE INTERVIEWS MEASURED PERSPECTIVES ON A RANGE OF ISSUES THAT AFFECT THE POPULATION'S HEALTH AND WELL-BEING, E G , COMMUNITY RESOURCES, BARRIERS TO HEALTH CARE PROVIDERS, AND REASONS FOR HIGH RATES OF DISEASE AND MORTALITY INTERVIEWS WERE COMPLETED WITH THE INDIVIDUALS FROM THE FOLLOWING ORGANIZATIONS LIFESCAPE COMMUNITY SERVICESSHELTER CARE MINISTRIESEMPLOYER'S COALITION ON HEALTHROCKFORD AREA ECONOMIC DEVELOPMENT COUNCILCITY OF BELVIDEREROCKFORD CHAMBER OF COMMERCEOGLE COUNTY PUBLIC HEALTH DEPARTMENTSTATE SENATE REPRESENTATIVE OF ROCKFORD/BELVIDEREROSECRANCE HEALTH NETWORKWINNEBAGO COUNTY PUBLIC HEALTH DEPARTMENT BELVIDERE COMMUNITY UNIT SCHOOL DISTRICT 100CRUSADER COMMUNITY HEALTHROCK VALLEY COLLEGEWINNEBAGO COUNTY STATE'S ATTORNEY'S OFFICEYWCA ROCKFORDLA VOZ LATINAUNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE, ROCKFORDCITY OF ROCKFORD
FACILITY 2 -- SWEDISHAMERICAN MEDICAL CTR BELVIDERE	PART V, SECTION B, LINE 4	SWEDISHAMERICAN HOSPITAL HAS TWO HOSPITAL FACILITIES, SWEDISHAMERICAN HOSPITAL LOCATED IN ROCKFORD, ILLINOIS, AND SWEDISHAMERICAN MEDICAL CENTER BELVIDERE LOCATED IN BELVIDERE, ILLINOIS THE DEFINITION OF THE COMMUNITY FOR PURPOSES OF THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS BASED ON THE PATIENT ORIGIN INFORMATION BY ZIP CODE FOR COMBINED EMERGENCY ROOM AND INPATIENT DISCHARGES AT BOTH FACILITES THE COUNTIES OF BOONE, OGLE AND WINNEBAGO REPRESENTED 86% OF EMERGENCY ROOM AND 85% OF INPATIENTS AND THEY WERE DETERMINED TO BE THE DEFINITION OF THE COMMUNITY FOR THE CHNA THE CHNA WAS CONDUCTED TOGETHER FOR BOTH FACILITIES

Identifier	ReturnReference	Explanation
FACILITY 2 -- SWEDISHAMERICAN MEDICAL CTR BELVIDERE	PART V, SECTION B, LINE 5C	THE CHNA FOR BOTH HOSPITAL FACILITIES CAN BE ACCESSED AT HTTP //WWW SWEDISHAMERICAN ORG/ABOUT/CHNA/
FACILITY 2 -- SWEDISHAMERICAN MEDICAL CTR BELVIDERE	PART V, SECTION B, LINE 7	THE CHNA WAS COMPLETED APRIL 25, 2013 AND THE CHNA AND IMPLEMENTATION STRATEGY WERE PUBLISHED BY MAY 31, 2013 MANY OF THE ACTION PLANS WERE IN PROCESS, BUT DUE TO TIME, WERE NOT ABLE TO BE COMPLETED BY THE END OF THE TAX YEAR

Identifier	ReturnReference	Explanation
FACILITY 2 -- SWEDISHAMERICAN MEDICAL CTR BELVIDERE	PART V, SECTION B, LINE 14G	THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS TRANSPARENT AND AVAILABLE TO ALL, AT ALL POINTS IN THE CONTINUUM, IN LANGUAGES APPROPRIATE FOR HOSPITAL'S SERVICE AREA THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, APPLICATION FORM, SIGNAGE, AND FINANCIAL COUNSELOR CONTACT INFORMATION ARE AVAILABLE IN ENGLISH AND SPANISH SIGNAGE IS POSTED PROMINENTLY AT ALL POINTS OF ADMISSION AND REGISTRATION (INCLUDING THE EMERGENCY DEPARTMENT) WRITTEN INFORMATION ABOUT THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY AND COPIES OF THE FINANCIAL ASSISTANCE FORM ARE AVAILABLE IN ADMISSION AND REGISTRATION AREAS THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, APPLICATION FORM AND FINANCIAL COUNSELOR CONTACT INFORMATION ARE ALSO POSTED ON THE HOSPITAL'S WEBSITE THE HOSPITAL WILL MAKE EFFORTS TO PUBLICIZE ITS POLICY IN PRINT AND TELEVISION MEDIA, WHEREVER PRACTICABLE PATIENT BILLING COMMUNICATIONS ALSO INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE EACH BILL, INVOICE, OR OTHER SUMMARY OF CHARGES TO AN UNINSURED PATIENT INCLUDES WITH IT, OR ON IT, A PROMINENT STATEMENT THAT AN UNINSURED PATIENT WHO MEETS CERTAIN INCOME REQUIREMENTS MAY QUALIFY FOR FINANCIAL ASSISTANCE AND INFORMATION ON HOW TO APPLY FOR CONSIDERATION UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY ALL THIRD-PARTY AGENTS WHO SUBMIT OR COLLECT BILLS ON BEHALF OF HOSPITAL ARE REQUIRED TO FOLLOW THIS POLICY
FACILITY 2 -- SWEDISHAMERICAN MEDICAL CTR BELVIDERE	PART V, SECTION B, LINE 20D	THE MAXIMUM AMOUNT THAT MAY BE COLLECTED IN A 12-MONTH PERIOD FROM AN UNINSURED PATIENT WITH FAMILY INCOME OF LESS THAN OR EQUAL TO 600% OF THE FEDERAL POVERTY GUIDELINES FOR MEDICALLY NECESSARY SERVICES IS 25% OF THAT PATIENT'S FAMILY INCOME THE HOSPITAL WILL DETERMINE, ON A CASE-BY-CASE BASIS, WHETHER TO EXTEND THE SAME OR SIMILAR 12-MONTH MAXIMUM COLLECTIBLE AMOUNT TO ANY OTHER QUALIFYING SELF-PAY PATIENT WITH FAMILY INCOME OF LESS THAN OR EQUAL TO 600% OF THE FEDERAL POVERTY GUIDELINES FOR QUALIFYING SERVICES THE HOSPITAL RESERVES THE RIGHT TO EXCLUDE PATIENTS HAVING ASSETS WITH A VALUE IN EXCESS OF 600% OF THE FEDERAL POVERTY GUIDELINES FROM THE APPLICATION OF THE 12-MONTH MAXIMUM COLLECTIBLE AMOUNT FOR PURPOSES OF DETERMINING THE APPLICABILITY OF THE 12-MONTH MAXIMUM COLLECTIBLE AMOUNT, THE FOLLOWING ASSETS SHALL NOT BE COUNTED A THE UNINSURED PATIENT'S PRIMARY RESIDENCE B PERSONAL PROPERTY EXEMPT FROM JUDGMENT UNDER SECTION 12-1001 OF THE CODE OF CIVIL PROCEDURE C ANY AMOUNTS HELD IN A PENSION OR RETIREMENT PLAN, PROVIDED, HOWEVER, THAT DISTRIBUTIONS AND PAYMENTS FROM PENSION OR RETIREMENT PLAN MAY BE INCLUDED AS INCOME TO BE ELIGIBLE TO HAVE THIS MAXIMUM AMOUNT APPLIED TO SUBSEQUENT CHARGES, A PATIENT SHALL INFORM THE HOSPITAL, IN SUBSEQUENT HOSPITAL INPATIENT ADMISSIONS OR OUTPATIENT ENCOUNTERS, THAT THE PATIENT HAS PREVIOUSLY RECEIVED MEDICALLY NECESSARY SERVICES FROM THE HOSPITAL AND WAS DETERMINED TO BE ENTITLED TO DISCOUNTED CARE UNDER THIS POLICY IN NO EVENT SHALL A PATIENT WHO RECEIVES FINANCIAL ASSISTANCE UNDER THIS POLICY BE CHARGED "GROSS CHARGES" IN VIOLATION OF THE INTERNAL REVENUE CODE SECTION 501(R)(5)(B) FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE PROVIDED TO PATIENTS WHO RECEIVE FINANCIAL ASSISTANCE UNDER THIS POLICY, HOSPITAL SHALL NOT CHARGE AMOUNTS IN EXCESS OF CHARGES ALLOWED UNDER INTERNAL REVENUE CODE 501(R)(5)(A) ASSETS ARE NOT CONSIDERED IN DETERMINING A SELF-PAY PATIENT'S ELIGIBILITY FOR FINANCIAL ASSISTANCE UNDER THIS POLICY, EXCEPT FOR PURPOSES OF A DETERMINING THE APPLICABILITY OF THE 12-MONTH MAXIMUM COLLECTIBLE AMOUNT DESCRIBED ABOVE, ANDB IN THE CASE OF A MEDICARE BENEFICIARY, APPLYING THE MANDATORY ASSET TEST FOR MEDICARE BENEFICIARIES DESCRIBED ABOVE

Additional Data

Software ID:
Software Version:
EIN: 36-2222696
Name: SWEDISHAMERICAN HOSPITAL

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

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
26

Name and address	Type of Facility (describe)
ONCOLOGY 209 9TH STREET ROCKFORD,IL 61104	OUTPATIENT CLINIC
ACT 2473 MCFARLAND ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
ROCKFORD AMBULATORY SURGERY CENTER 1016 FEATHERSTONE ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
BROOKSIDE SPECIALTY CENTER 1253 N ALPINE ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
WOODSIDE 3775 N MULFORD ROAD ROCKFORD,IL 61114	OUTPATIENT CLINIC
MIDWEST HEART SPECIALISTS 1340 CHARLES STREET SUITE 300 ROCKFORD,IL 61104	OUTPATIENT CLINIC
LUNDHOLM ORTHOPEDICS 1340 CHARLES STREET ROCKFORD,IL 61104	OUTPATIENT CLINIC
BROOKSIDE OCCUPATIONAL & IMMED CARE 1215 N ALPINE ROAD ROCKFORD,IL 61107	OUTPATIENT CLINIC
HOME HEALTH CARE 2550 CHARLES STREET ROCKFORD,IL 61108	OUTPATIENT CLINIC
5 POINTS CLINIC 2404 CHARLES STREET ROCKFORD,IL 61108	OUTPATIENT CLINIC
VALLEY CLINIC 6824 NEWBURG ROAD ROCKFORD,IL 61108	OUTPATIENT CLINIC
CAMELOT OBGYN 1415 E STATE STREET ROCKFORD,IL 61104	OUTPATIENT CLINIC
ROCK VALLEY WOMEN'S HEALTH CENTER 6861 VILLAGE GREEN VIEW ROCKFORD,IL 61107	OUTPATIENT CLINIC
BELVIDERE CLINIC 1700 HENRY LUCKOW LANE BELVIDERE,IL 61008	OUTPATIENT CLINIC
WOUND CARE & HYPERBARIC CLINICS 1415 E STATE STREET SUITE 408 609 ROCKFORD,IL 61104	OUTPATIENT CLINIC
MIDTOWN CLINIC 1340 CHARLES STREET SUITE 405 ROCKFORD,IL 61103	OUTPATIENT CLINIC
DAVIS JUNCTION CLINIC 5665 NORTH JUNCTION WAY DAVIS JUNCTION,IL 61020	OUTPATIENT CLINIC
ROSCOE CLINIC & IMMEDIATE CARE 5005 HONONEGAH ROAD ROSCOE,IL 61073	OUTPATIENT CLINIC
NEURO AND HEADACHE CENTER 1340 CHARLES STREET SUITE 400 ROCKFORD,IL 61104	OUTPATIENT CLINIC
BYRON CLINIC 220 W BLACKHAWK DRIVE BYRON,IL 61010	OUTPATIENT CLINIC
NORTHERN ILLINOIS VEIN CLINIC 1340 CHARLES STREET SUITE 404 ROCKFORD,IL 61104	OUTPATIENT CLINIC
MATERNAL FETAL MEDICINE 1401 EAST STATE ST ROCKFORD,IL 61104	OUTPATIENT CLINIC
CENTER FOR WOMEN 1340 CHARLES STREET SUITE 301 ROCKFORD,IL 61104	OUTPATIENT CLINIC
MARENGO CLINIC & IMMEDIATE CARE 204 E PRAIRIE STREET MARENGO,IL 60152	OUTPATIENT CLINIC
ROCHELLE CLINIC 380 ILLINOIS ROUTE 38 EAST ROCHELLE,IL 61068	OUTPATIENT CLINIC
DIXON ONCOLOGY 101 W 2ND STREET DIXON,IL 61021	OUTPATIENT CLINIC

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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

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

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. Part II can be duplicated 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) ILLINOIS HOSPITAL RESEARCH & EDUCATION FOUNDATION 1151 W WARRENVILLE RD NAPERVILLE,IL 60566	23-7421930	501(C)(3)	193,356				QUALITY HEALTHCARE FOR ILLINOIS
(2) THE BOARD OF TRUSTEES OF UNIVERSITY OF ILLINOIS 560 S WRIGHT 209 HAB MCV-339 URBANA,IL 61801	37-6000511	501(C)(3)	338,250				ACADEMIC RESEARCH

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 2

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. Part III can be duplicated 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) EDUCATIONAL SCHOLARSHIP FOR CHILDREN OF NON-MANAGEMENT EMPLOYEES	30	30,000			

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
		SWEDISHAMERICAN HOSPITAL ONLY MAKES DONATIONS TO OTHER TAX EXEMPT ORGANIZATIONS

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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.

OMB No 1545-0047

2012

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Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
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**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☐ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**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 accured pursuant to a contract that was subject to the initial contract exception described in Regulations 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 duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(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 as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
	PART I, LINE 4B	WILLIAM GORSKI M D -457(F)-$190,699, RICHARD WALSH-457(F)-$86,027, DONALD HARING-457(F)-$35,979, KATHLEEN KELLY M D -457(F)-$28,136,

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 36-2222696
Name: SWEDISHAMERICAN HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DANNY L COPELAND MD	(I)	205,662	0	0	15,189	20,221	241,072	0
	(II)	0	0	0	0	0	0	0
WILLIAM R GORSKI MD	(I)	580,553	0	0	208,824	15,401	804,778	0
	(II)	0	0	0	0	0	0	0
JOHN C MYERS MD	(I)	571,182	0	0	11,500	33,283	615,965	0
	(II)	0	0	0	0	0	0	0
RICHARD WALSH	(I)	380,115	0	0	104,152	23,937	508,204	0
	(II)	0	0	0	0	0	0	0
ALLEN WILLIAMS MD	(I)	234,723	0	0	16,351	26,054	277,128	0
	(II)	0	0	0	0	0	0	0
DONALD HARING	(I)	337,218	0	0	55,979	21,771	414,968	0
	(II)	0	0	0	0	0	0	0
KATHLEEN KELLY MD	(I)	359,908	0	133,798	46,262	769	540,737	106,200
	(II)	0	0	0	0	0	0	0
MERAT ESFAHANI MD	(I)	700,723	0	0	14,433	36,871	752,027	0
	(II)	0	0	0	0	0	0	0
STEVEN MILOS MD	(I)	672,807	0	0	14,389	20,222	707,418	0
	(II)	0	0	0	0	0	0	0
HARVEY EINHORN MD	(I)	581,050	0	0	37,000	39,883	657,933	0
	(II)	0	0	0	0	0	0	0
PRAKASH PEDAPATI	(I)	494,342	0	0	20,000	15,799	530,141	0
	(II)	0	0	0	0	0	0	0
HOWARD KAUFMAN DO	(I)	509,992	0	0	11,500	24,306	545,798	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

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 - 2004	86-1091967	45200BKQ0	12-21-2004	105,360,720	CONSTRUCTION & EQUIPMENT CARDIAC PAVILION, RENOVATE OPERATING RM & CATH LAB		X		X		X
B	ILLINOIS FINANCE AUTHORITY - 2010	86-1091967	NONEAVAIL	04-19-2010	25,000,000	CONSTRUCTION & EQUIPMENT CARDIAC PAVILION, RENOVATE OPERATING RM & CATH LAB		X		X		X
C	ILLINOIS FINANCE AUTHORITY - 2012	86-1091967	45203HLW0	09-27-2012	41,833,485	CONSTRUCTION & EQUIPMENT REGIONAL CANCER CENTER		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	106,458,982	25,000,000	41,887,087	
4	Gross proceeds in reserve funds	12,819			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	74,126,290			
7	Issuance costs from proceeds	991,204		635,680	
8	Credit enhancement from proceeds	3,672,433			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	27,656,236	25,000,000	22,574,947	
11	Other spent proceeds				
12	Other unspent proceeds	18,676,459		18,676,459	
13	Year of substantial completion	2007	2010		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X			X		
15	Were the bonds issued as part of an advance refunding issue?	X		X			X		
16	Has the final allocation of proceeds been made?	X		X			X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		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?	X				X			
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
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 00000%		0 00000%		0 00000%		%	
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 00000%		0 00000%		0%		%	
6	Total of lines 4 and 5	0 00000%		0 00000%		0%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X	X		X			
b	Exception to rebate?	X			X		X		
c	No rebate due?		X		X		X		
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X		X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?	X		X		X			

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

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLENTAL INFORMATION		SCHEDULE K, PART II, LINE 7 BOND INSURANCE OF $3,672,397 WAS PURCHASED FROM BOND PROCEEDS AND IS INCLUDED AS A COST OF ISSUANCE

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

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

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

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

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
(1) SHERYL HEAD	ROBERT L HEAD PH D TRUSTEE, SPOUSE	89,055	EMPLOYEE COMPENSATION		No
(2) BEVERLY DERRY	PATRICK DERRY TRUSTEE, SISTER-IN-LAW	83,925	EMPLOYEE COMPENSATION		No
(3) RIVERSIDE COMMUNITY BANK	DAN LOESCHER TRUSTEE AND OFFICER, CHAIRMAN OF RIVERSIDE COMMUNITY BANK	116,581	BANKS FEES, CERTIFICATE OF DEPOSIT, DEMAND DEPOSIT ACCOUNTS		No
(4) MICHELLE ROOP	WILLIAM ROOP TRUSTEE, DAUGHTER	49,787	EMPLOYEE COMPENSATION		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL) AND AS SUCH APPOINTS ALL TRUSTEES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	DIRECTORS WILLIAM ROOP AND JAMES GINGRICH ARE BOARD MEMBERS OF SWEDISHAMERICAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP DIRECTORS DAVE RYDELL AND JAMES GINGRICH ARE BOARD MEMBERS OF SWEDISHAMERICAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP DIRECTORS DAN LOESCHER AND FRANK WALTER ARE BOARD MEMBERS OF SWEDISHAMERICAN HOSPITAL AND HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL)

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL) AND AS SUCH APPOINTS ALL TRUSTEES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) IS THE SOLE CORPORATE MEMBER OF SWEDISHAMERICAN HOSPITAL (HOSPITAL) AND AS SUCH HAS THE AUTHORITY TO APPROVE CERTAIN DECISIONS OF THE HOSPITAL SWEDISHAMERICAN HEALTH SYSTEM APPOINTS ALL TRUSTEES, NOMINATES CANDIDATES FOR PRESIDENT OF THE HOSPITAL, APPROVE AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BYLAWS, APPROVE ANNUAL BUDGETS, AND STRATEGIC, LONG-RANGE AND HEALTH MANPOWER DEVELOPMENTAL PLANS, APPROVE ALL CONTRACTS OF INDEBTEDNESS OF $1,000,000 IN PRINCIPAL OR THAT ARE 60 MONTHS OR LONGER, APPROVE ALL PLANS OF MERGER OR CONSOLIDATION, OR THE SALE, LEASE, EXCHANGE, MORTGAGE OR PLEDGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL, THE PROPERTY AND ASSETS OF THE HOSPITAL, OR VOLUNTARY DISSOLUTION OF THE HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A DRAFT VERSION OF FORM 990 WAS REVIEWED BY LEGAL COUNSEL AND THE CHIEF FINANCIAL OFFICER SUBSEQUENTLY, THE AUDIT/COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS OF SWEDISHAMERICAN HEALTH SYSTEM (PARENT CORPORATION) REVIEWED A FINAL DRAFT OF FORM 990 AND WAS PROVIDED WITH THE OPPORTUNITY TO COMMENT AND ASK QUESTIONS THE ENTIRE SWEDISHAMERICAN HOSPITAL BOARD OF DIRECTORS WAS PROVIDED WITH A COPY OF FORM 990 BEFORE IT WAS FILED

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICIES, WHICH APPLY TO ALL MEMBERS OF THE BOARD OF DIRECTORS AND TO ALL EMPLOYEES PROCEDURES ARE IN PLACE TO IDENTIFY CONFLICTS OF BOTH DIRECTORS AND EMPLOYEES DIRECTOR CONFLICTS ARE HANDLED BY BOARD DELIBERATION AND BOARD VOTE FROM WHICH THE INTERESTED DIRECTOR IS EXCLUDED EMPLOYEE CONFLICTS ARE HANDLED BY THE COMPLIANCE DEPARTMENT AND IN CERTAIN INSTANCES MAY REQUIRE SEPARATE BOARD ACTION THE BOARD IS PROVIDED WITH PERIODIC COMPLIANCE REPORTS REGARDING CONFLICTS OF INTEREST

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	ALL COMPENSATION IS DETERMINED AND PAID BY SWEDISHAMERICAN HOSPITAL ALL COMPENSATION DECISIONS ARE MADE BY INDEPENDENT PERSONS WITH RESPECT TO THE PRESIDENT, CEO, OFFICERS, AND KEY EMPLOYEES, THE ORGANIZATION FOLLOWS A COMPENSATION APPROVAL PROCEDURE ANNUALLY THAT INVOLVES APPROVAL OF PROPOSED AND FINAL COMPENSATION ARRANGEMENTS BY THE ORGANIZATION'S EXECUTIVE COMPENSATION COMMITTEE USING COMPARABILITY DATA, AS WELL AS CONTEMPORANEOUS DOCUMENTATION OF COMPENSATION DECISIONS IN THE MINUTES ALL PHYSICIAN COMPENSATION ARRANGEMENTS ARE APPROVED BY THE FINANCE COMMITTEE AND FULL BOARD OF DIRECTORS USING COMPARABILITY DATA, AS WELL AS CONTEMPORANEOUS DOCUMENTATION OF COMPENSATION DECISION IN THE MINUTES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC AND AUDITED FINANCIAL STATEMENTS OF SWEDISHAMERICAN HOSPITAL ARE AVAILABLE FROM PUBLICLY DISCLOSED FORM 990, THE ILLINOIS ATTORNEY GENERAL WEBSITE AND FROM THE U S SECURITIES AND EXCHANGE COMMISSION ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	INTEREST IN RECIPIENT ORGANIZATION -67,671 SURGI CENTER BOOK/TAX DIFFERENCE -116,158 OTHER 767 SWEDISHAMERICAN FOUNDATION -178,667

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SWEDISHAMERICAN HOSPITAL

Employer identification number
36-2222696

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity? Yes	(g) Section 512 (b)(13) controlled entity? No
(1) SWEDISHAMERICAN HEALTH SYSTEM CORPORATION 1401 E STATE STREET ROCKFORD, IL 61104 36-3241458	PARENT CORP TO MANAGE & DIRECT ACTIVITIES OF ENTITITES	IL	501(C)(3)	LINE 11B	N/A		No
(2) SWEDISHAMERICAN FOUNDATION 1415 E STATE STREET ROCKFORD, IL 61104 36-3097493	SUPPORTING ORG FOR SWEDISHAMERICAN HOSPITAL FUND RAISING	IL	501(C)(3)	LINE 7	SWEDISHAMERICAN HOSPITAL	Yes	
(3) SWEDISHAMERICAN REALTY CORPORATION 1313 E STATE STREET ROCKFORD, IL 611042298 36-3248013	TITLE HOLDING COMPANY	IL	501(C)(2)		SWEDISHAMERICAN HEALTH SYSTEM CORPORATION	Yes	
(4) SWEDISHAMERICAN HOSPITAL SELF INSURANCE TRUST 1401 E STATE STREET ROCKFORD, IL 611042333 36-6652702	HOSPITAL MALPRACTICE TRUST	IL	501(C)(3)	LINE 11A	SWEDISHAMERICAN HOSPITAL	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) THREE RIVERS PARTNERS LLC 1313 E STATE ST ROCKFORD, IL 61104 26-2231757	INFORMATION TECHNOLOGY SERVICES	IL	N/A	N/A				No			No	
(2) NORTHERN ILLINOIS VEIN CLINIC 2550 CHARLES ST ROCKFORD, IL 61108 20-1642329	OUTPATIENT HEALTH SERVICES	IL	N/A	RELATED	210,590	132,167		No		Yes		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) SARI INSURANCE COMPANY 76 ST PAUL ST SUITE 500 BURLINGTON, VT 05401 03-0308753	CAPTIVE INSURANCE COMPANY	VT	SAHS CORP	C				Yes	
(2) LSG BUILDING CORPORATION 1313 EAST STATE ST ROCKFORD, IL 61104 36-3033985	REAL ESTATE	IL	SAHS CORP	S				Yes	
(3) STATE & CHARLES INC 1313 EAST STATE ST ROCKFORD, IL 61104 36-3321193	HOLDING COMPANY	IL	SAHS CORP	C				Yes	
(4) SWEDISHAERICAN HEALTH MANAGEMENT CORP 1401 EAST STATE ST ROCKFORD, IL 61104 36-3246511	SERVICE	IL	STATE & CHARLES INC	C				Yes	

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SWEDISHAMERICAN FOUNDATION	C	178,667	COST
(2) SWEDISHAMERICAN HOSPITAL SELF INSURANCE TRUST	P	1,058,974	COST
(3) SWEDISHAMERICAN HOSPITAL SELF INSURANCE TRUST	Q	2,939,600	COST

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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		Yes	No	

Software ID:
Software Version:
EIN: 36-2222696
Name: SWEDISHAMERICAN HOSPITAL

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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SwedishAmerican Health System Corporation and Subsidiaries

Consolidated Financial Report
May 31, 2013

Contents

McGladrey

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
SwedishAmerican Health System Corporation
Rockford, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SwedishAmerican Health System Corporation and Subsidiaries (the "Corporation") which comprise the consolidated balance sheets as of May 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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 consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SwedishAmerican Health System Corporation and Subsidiaries as of May 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Member of the McGladrey Network, an independent network of accounting and consulting firms

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2013 the Corporation adopted Financial Accounting Standards Board Accounting Standards Update (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*, through retrospective application to the financial statements Our opinion is not modified with respect to this matter

McGladrey LLP

Rockford, Illinois
August 26, 2013

SwedishAmerican Health System Corporation and Subsidiaries

Consolidated Balance Sheets
May 31, 2013 and 2012
(Dollars in thousands)

Assets	**2013**	2012
Current Assets		
Cash and cash equivalents	**$ 26,546**	$ 15,257
Short-term investments	**2,834**	2,173
Assets limited as to use bond project fund	**3,489**	-
Patient accounts receivable, less allowances for uncollectible accounts of $28,235 in 2013 and $32,113 in 2012	**62,146**	78,999
Inventories	**6,530**	6,380
Prepaid expenses and other assets	**10,371**	7,062
Total current assets	**111,916**	109,871
Other Assets		
Assets limited as to use		
Bond project fund, less current portion	**15,187**	-
Internally designated for self-insurance fund	**14,286**	14,142
Internally designated for deferred compensation agreements	**10,405**	8,809
Investments	**172,208**	139,470
Beneficial interest in trust assets	**4,274**	3,949
Contribution receivable from lead trust	**281**	264
Deferred bond issuance costs, net of accumulated amortization of $2,293 in 2013 and $2,010 in 2012	**3,406**	2,963
Goodwill	**7,800**	7,800
Intangible asset	**9,001**	9,001
Notes receivable and other assets	**7,267**	7,834
	244,115	194,232
Property and Equipment, net	**199,665**	184,099
Total assets	**$ 555,696**	$ 488,202

See Notes to Consolidated Financial Statements

Liabilities and Net Assets	**2013**	2012
Current Liabilities		
Accounts payable	**$ 10,035**	$ 12,378
Accrued expenses and other	**35,354**	37,556
Estimated settlements due to third-party payors	**30,023**	24,726
Current maturities of long-term debt	**5,797**	5,626
Total current liabilities	**81,209**	80,286
Noncurrent Liabilities		
Long-term debt, less current maturities	**145,775**	109,749
Self-insurance	**16,509**	12,665
Deferred compensation agreements	**10,405**	8,809
Other	**267**	240
	172,956	131,463
Total liabilities	**254,165**	211,749
Contingencies and Commitments (Notes 1, 3, 7, 8, 11 and 14)		
Net Assets		
Unrestricted	**292,389**	269,068
Temporarily restricted	**3,321**	1,896
Permanently restricted	**5,821**	5,489
Total net assets	**301,531**	276,453
Total liabilities and net assets	**$ 555,696**	$ 488,202

SwedishAmerican Health System Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended May 31, 2013 and 2012
(Dollars in thousands)

	2013	2012
Unrestricted revenues, gains and other support		
Net patient service revenue	**$ 415,980**	$ 406,790
Provision for bad debts	**(30,745)**	(28,018)
Net patient service revenue less provision for bad debts	**385,235**	378,772
Public Aid assessment revenue	**22,586**	23,335
Other revenue	**14,558**	12,946
Net assets released from restrictions - used for operating purposes	**394**	429
	422,773	415,482
Expenses		
Salaries and employee benefits	**215,968**	218,652
Supplies and purchased services	**102,657**	104,126
Professional fees	**23,478**	23,884
Management fees	**6,681**	2,692
Depreciation and amortization	**20,953**	20,814
Interest	**4,677**	5,205
Utilities	**3,598**	3,893
Repairs and maintenance	**11,920**	11,672
Insurance	**10,649**	7,813
Public Aid assessment expense	**7,650**	7,649
Other	**6,382**	6,449
	414,613	412,849
Operating income	**8,160**	2,633
Nonoperating income (loss)		
Investment income	**14,568**	3,956
Income tax (provision)	**(173)**	(583)
Other	**562**	492
	14,957	3,865
Revenue in excess of expenses	**$ 23,117**	$ 6,498

(Continued)

SwedishAmerican Health System Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended May 31, 2013 and 2012
(Dollars in thousands)

	2013	2012
Unrestricted net assets		
Revenue in excess of expenses	**$ 23,117**	$ 6,498
Net assets released from restrictions used for property and equipment	**204**	27
Increase in unrestricted net assets	**23,321**	6,525
Temporarily restricted net assets		
Contributions and other	**1,668**	612
Investment income	**86**	191
Net change in unrealized gains and losses on investments	**238**	(266)
Change in value of split-interest agreements	**31**	(76)
Net assets released from restrictions	**(598)**	(456)
Increase in temporarily restricted net assets	**1,425**	5
Permanently restricted net assets		
Contributions and other	**(15)**	44
Change in beneficial interest in perpetual trust	**347**	(191)
Increase (decrease) in permanently restricted net assets	**332**	(147)
Increase in net assets	**25,078**	6,383
Net assets, beginning of year	**276,453**	270,070
Net assets, end of year	**$ 301,531**	$ 276,453

See Notes to Consolidated Financial Statements

SwedishAmerican Health System Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended May 31, 2013 and 2012
(Dollars in thousands)

	2013	2012
Cash Flows From Operating Activities		
Increase in net assets	**$ 25,078**	$ 6,383
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**20,953**	20,814
Provision for bad debts	**30,745**	28,018
Deferred taxes	**(170)**	(188)
Net change in unrealized gains and losses on investments	**(4,381)**	4,908
Net change in fair value of beneficial interest in perpetual trust	**(520)**	354
Restricted contributions	**(1,653)**	(656)
Loss on disposal of property and equipment	**-**	229
Changes in net cash from		
(Increase) in patient accounts receivable	**(13,892)**	(49,398)
(Increase) in inventories and other assets	**(2,739)**	(136)
Increase in accounts payable, accrued expenses, and other liabilities	**2,525**	255
Increase in estimated settlements due to third-party payors	**5,297**	9,406
Net cash provided by operating activities	**61,243**	19,989
Cash Flows From Investing Activities		
Purchases of property and equipment, net	**(34,768)**	(21,740)
Payment of accounts payable for property and equipment	**(3,301)**	(1,863)
Purchases of investments and assets limited as to use	**(148,352)**	(110,122)
Sales and maturities of investments and assets limited as to use	**98,917**	108,039
Distribution of beneficial interest in perpetual trust	**195**	116
Cash paid for Rock Valley Women's Health Center, LLC	**-**	(979)
Cash paid for Northern Illinois Imaging	**-**	(2,427)
Net cash used in investing activities	**(87,309)**	(28,976)
Cash Flows From Financing Activities		
Proceeds from bond issuance	**41,833**	-
Bond issuance costs paid	**(725)**	-
Principal payments on long-term debt	**(5,406)**	(5,315)
Restricted contributions received	**1,653**	656
Net cash provided by (used in) financing activities	**37,355**	(4,659)
Increase (decrease) in cash and cash equivalents	**11,289**	(13,646)
Cash and cash equivalents, beginning of year	**15,257**	28,903
Cash and cash equivalents, end of year	**$ 26,546**	$ 15,257

(Continued)

SwedishAmerican Health System Corporation and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended May 31, 2013 and 2012
(Dollars in thousands)

	2013	2012
Supplemental Schedule of Noncash Investing and Financing Activities		
Purchases of property and equipment in accounts payable	**$ 1,699**	$ 3,301

See Notes to Consolidated Financial Statements

Note 1. Organization and Significant Accounting Policies

SwedishAmerican Health System Corporation (SAHS) and Subsidiaries (collectively, the Corporation), a not-for-profit organization, coordinates the collective efforts of its affiliates in pursuing various activities, including providing health care and promoting health-related scientific research and education in Rockford, Illinois, and the surrounding area

The consolidated financial statements include the accounts and transactions of SAHS and the following organizations, which are affiliates of SAHS

- SwedishAmerican Hospital (Hospital) – A Section 501(c)(3) not-for-profit hospital organized to provide and promote health care to the public for patients who primarily reside in Rockford, Illinois, and the surrounding area
- SwedishAmerican Foundation (Foundation) – A Section 501(c)(3) organization whose purpose is to conduct programs and fundraising that supports and benefits SAHS The Foundation is consolidated with the Hospital
- State and Charles, Inc – A taxable subsidiary of SAHS whose purpose is to serve as a holding company
- SwedishAmerican Realty Corporation (Realty) – A tax-exempt subsidiary under Section 501(c)(2) of the Internal Revenue Code that serves as a real estate holding company
- SwedishAmerican Health Management Corporation (SAHM) – A taxable subsidiary of SAHS whose purpose is to provide nonpatient health-related services to other organizations
- LSG Building Corporation – A taxable subsidiary of SAHS whose purpose is to serve as a real estate holding company

All significant intercompany transactions have been eliminated in consolidation

A summary of significant accounting policies is as follows

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements Estimates also affect the reported amounts of revenue and expenses during the reporting period The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of net patient accounts receivable, settlements with third-party payors, the self-insurance accrual and the net future cash flows used in the calculation of fair value of the intangible asset Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ

Cash and cash equivalents: All investments that are not limited as to use with an original maturity of three months or less when purchased are reflected as cash and cash equivalents

Throughout the year, the Corporation may have amounts on deposit with financial institutions in excess of those insured by the FDIC The Corporation has not experienced any losses in such accounts

Note 1. Organization and Significant Accounting Policies (Continued)

Patient accounts receivable and due from/to third-party payors: The collection of receivables from third-party payors and patients is the Corporation's primary source of cash for operations and is critical to its operating performance The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and co-payments) remain outstanding Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors

Patient receivables are reduced by an allowance for uncollectible accounts In evaluating the collectability of accounts receivable, the Corporation identifies troubled accounts, reviews historical experience 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 uncollectible accounts For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (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 uncollectible accounts

The Corporation's allowance for uncollectible accounts for self-pay patients decreased from 85% of self-pay accounts receivable at May 31, 2012, to 84% of self-pay accounts receivable at May 31, 2013 In addition, the Corporation's self-pay write-offs increased $7,328 from $30,918 for fiscal 2012 to $38,246 for fiscal 2013 The increase in write-offs is related to volume As a percentage of gross patient service revenue, self-pay write-offs have remained consistent The Corporation has not changed its charity care or uninsured discount policies during fiscal years 2012 or 2013 The Corporation does maintain a material allowance for uncollectible accounts from third-party payors collectively, but none of which is material based on an individual third-party payor The Corporation did not have significant write-offs from third-party payors

Recoveries of receivables previously written off are recorded when received The past due status of receivables is determined on a case-by-case basis depending on the payor responsible The Corporation generally does not charge interest on past due accounts Receivables or payables related to estimated settlements on various contracts in which the Corporation participates are reported as third-party payor receivables or payables

Assets limited as to use and investments: Assets limited as to use include the bond project fund, cash and investments internally designated by the Board of Directors for capital replacement and expansion, self-insurance, and deferred compensation agreements, which the Board, at its discretion, may subsequently use for other purposes Amounts required to meet current liabilities of the Corporation have been classified in the consolidated balance sheets as current assets Assets limited as to use and investments not restricted by donors are designated as trading securities

Note 1. Organization and Significant Accounting Policies (Continued)

Investment income (including realized gains and losses on investments, interest, and dividends) is included in revenue in excess of expenses unless the income is restricted by donor or law Unrealized gains and losses on investment assets held are included as investment income in revenue in excess of expenses unless the unrealized gains and losses are restricted by donor or law

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

Beneficial interest in trust assets: The Corporation has a beneficial interest in several perpetual trusts, which is measured by the Corporation's share of the fair value of the underlying trusts' net assets The change in the Corporation's share of the fair value of the trusts' net assets as of each fiscal year-end is recognized as an adjustment to beneficial interest in trust assets and as a change in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the underlying donor restriction

Deferred bond issuance costs: Costs incurred in connection with the issuance or refinancing of long-term debt are deferred and amortized over the term of the related financing using the bonds outstanding method

Property and equipment: Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

The estimated useful lives of depreciable property and equipment range from 5 to 25 years for land improvements, 10 to 40 years for buildings, and 3 to 20 years for furniture and fixtures

Intangible asset: The intangible asset consists of an acute care bed license for the Corporation's Belvidere, Illinois, facility The asset is carried at cost and has an indefinite useful life The intangible asset is tested for impairment at least annually and more frequently if events and circumstances indicate the asset may be impaired The impairment test consists of a comparison of the fair value of the intangible asset with its carrying value If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to the excess The Corporation also evaluates the remaining useful life of the intangible asset each reporting period to determine whether events and circumstances continue to support an indefinite useful life If the intangible asset is subsequently determined to have a finite useful life, the asset will be amortized prospectively over its remaining estimated useful life During 2013, the Corporation determined that no impairment existed

Goodwill: The Corporation's goodwill was recorded as a result of certain business combinations Goodwill is recorded at cost less amortization that had accumulated as of June 1, 2010 when goodwill became nonamortizable due to the adoption of new guidance provided by the Financial Accounting Standards Board (FASB) Effective June 1, 2010, the Corporation tests its recorded goodwill for impairment on an annual basis, or more often if indicators of potential impairment exist, by determining if the carrying value of each reporting unit exceeds its estimated fair value The Corporation determines the fair value of its reporting units utilizing the discounted cash flows model During 2013, the Corporation determined that no impairment existed

(Dollars in thousands)

Note 1. Organization and Significant Accounting Policies (Continued)

The changes in the carrying amount of goodwill were as follows for the years ended May 31, 2013 and 2012

	2013	2012
Beginning balance	$ 7,800	$ 4,890
Goodwill recognized during the period	-	2,910
Ending balance	$ 7,800	$ 7,800

There are no accumulated impairment losses associated with the recorded goodwill balances

Impairment of long-lived assets: The Corporation reviews the carrying value of its long-lived assets, excluding goodwill and indefinite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset may no longer be appropriate The Corporation assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value Impairment losses related to investments are recognized in unrestricted investment income All other impairment write-downs are recognized in operating income at the time the impairment is identified

Self-insurance: The provision for the self-insured general and professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported The provision is actuarially determined

Donor-restricted gifts: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions

Temporarily and permanently restricted net assets: Temporarily restricted net assets are assets whose use has been restricted by donors to a specific time period or purpose Assets released from restrictions that are used for the purchase of property and equipment or capital purposes are reported in the consolidated statements of operations and changes in net assets as additions to unrestricted net assets Assets released from restrictions that are used for operating purposes are reported in the consolidated statements of operations and changes in net assets as unrestricted revenues, gains, and other support Restricted earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with donors' specifications

Permanently restricted net assets are subject to donor-imposed stipulations requiring that they be maintained permanently by the Corporation Earnings on the permanently restricted net assets are recorded as increases in temporarily restricted net assets in accordance with donor intent, or until appropriated if donor intent is not expressed

Note 1. Organization and Significant Accounting Policies (Continued)

Net patient service revenue: The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, certain of which are subject to audit by administering agencies Those adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined

Charity care, uncompensated care and community benefits: The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue The Corporation's policy is to provide medically necessary health services regardless of the patient's ability to pay for such services The Corporation maintains records to identify and monitor the level of charity care it provides

Operating income: The consolidated statements of operations and changes in net assets include an intermediate measure of operations, operating income, that represents the activity of the ongoing operations of the Corporation Nonoperating income (loss), excluded from operating income, consists primarily of nonrecurring transactions and transactions that are outside of the Corporation's primary health care activities

Revenue in excess of expenses: The consolidated statements of operations and changes in net assets include revenue in excess of expenses Changes in unrestricted net assets, which are excluded from revenue in excess of expenses, consistent with industry practice, include unrealized gains and losses on investments, other than trading securities, contributions of long-lived assets, including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets, discontinued operations, and the cumulative effects of changes in accounting principles

Donated services: A number of volunteers have donated services to the Corporation's program services and fundraising campaigns during the year, however, the value of these donated services is not reflected in the financial statements since the services do not require specialized skills

Income taxes: For the for-profit subsidiaries, deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment

SAHS, Hospital and Foundation have received determination letters from the Internal Revenue Service stating they are tax-exempt under Section 501(c)(3) of the Internal Revenue Code

Note 1. Organization and Significant Accounting Policies (Continued)

SAHS, Hospital, Foundation and Realty each file a Form 990 (Return of Organization Exempt from Income Tax), and State and Charles, Inc , LSG Building Corporation, and SAHM each file Form 1120 (U S Corporation Income Tax Return) annually When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained Examples of tax positions common to health systems include such matters as the following tax-exempt status of each entity, the continued tax-exempt status of bonds issued by the obligated group, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT) UBIT is reported on Internal Revenue Service Form 990-T, as appropriate The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the tax position will be sustained upon examination, including the resolution of appeals or litigation processes, if any

Tax positions are not offset or aggregated with other positions Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority The portion of the benefits associated with the tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination At May 31, 2013 and 2012, there were no unrecognized tax benefits identified or recorded as liabilities

The Forms 990, Forms 990-T and Forms 1120 filed by the Corporation are subject to examination for up to three years from the extended due date of each return These returns are no longer subject to examination for tax years ended before May 31, 2010

Property and sales taxes: On June 14, 2012, the Governor of Illinois signed into law legislation that governs property and sales tax exemption for not-for-profit hospitals The law took effect on the date it was signed Under the law, in order to maintain its property and sales tax exemption, the value of specified services and activities of a not-for-profit hospital must equal or exceed the estimated value of the hospital's property tax liability, as determined under a formula in the law The specified services are those that address the health care needs of low-income or underserved individuals or relieve the burden of government with regard to health care services, and include the cost of free or discounted services provided pursuant to the hospital's financial assistance policy, other unreimbursed costs of addressing the health needs of low-income and underserved individuals, direct or indirect financial or in-kind subsidies of State and local governments, the unreimbursed cost of treating Medicaid and other means-tested program recipients, the unreimbursed cost of treating dual-eligible Medicare/Medicaid patients, and other activities that the Illinois Department of Revenue determines relieve the burden of government or address the health of low-income or underserved individuals Management believes that the Hospital meets the requirements under the law to maintain its property and sales tax exemption

Subsequent events: The Corporation has evaluated subsequent events for potential recognition and/or disclosure through August 26, 2013, the date the consolidated financial statements were issued

Note 1. Organization and Significant Accounting Policies (Continued)

Adopted accounting standard: The Corporation adopted ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* during the year ended May 31, 2013 This guidance requires health care entities that recognize significant amounts of patient service revenue at the time services are provided, even though they do not assess the patient's ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue rather than an operating expense in the statement of operations The guidance also requires additional disclosures related to sources of patient service revenue and changes in the allowance for doubtful accounts The adoption of this guidance changed where the provision for bad debts is presented within the consolidated statements of operations and changes in net assets, however, it did not affect operating income, excess of revenue over expenses or the change in unrestricted net assets The prior year provision for bad debts in the amount of $28,018 has been retroactively reclassified in accordance with the guidance

Pending accounting pronouncements: ASU 2012-05, *Statement of Cash Flows (Topic 230) – Not-for-Profit Entities· Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* The amendments in the ASU require not-for-profit organizations to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit imposed limitations for sale and were converted nearly immediately into cash The amendments of this ASU are effective prospectively to fiscal years, and interim periods within those years, beginning after June 15, 2013 Retrospective application to all prior periods presented upon the date of adoption is permitted Early adoption from the beginning of the fiscal year of adoption is permitted

ASU 2013-04, *Liabilities (Topic 405)· Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* ASU 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this ASU is fixed at the reporting date, expect for obligations addressed within existing guidance in U S GAAP The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors The guidance in this ASU also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013 The amendments in this ASU should be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the ASU's scope that exist at the beginning of the entity's fiscal year of adoption An entity may elect to use hindsight for the comparative periods (if it changed its accounting as a result of adopting the amendments in this ASU) and should disclose that fact Early adoption is permitted

ASU 2013-06, *Not-for-Profit Entities (Topic 958)· Services Received from Personnel of an Affiliate* The amendments of ASU 2013-06 require the recipient non-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity Those services should be measured at the cost recognized by the affiliate for the personnel providing those services However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service The amendments in this ASU are effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented Early adoption is permitted

Note 1. Organization and Significant Accounting Policies (Continued)

Management of the Corporation is currently evaluating the effect that the above guidance will have on the Corporation's consolidated financial statements

Reclassifications: Certain amounts in the 2012 consolidated financial statements were reclassified to conform with the 2013 presentation, with no effect on revenue in excess of expenses or net assets

Note 2. Acquisitions

On June 30, 2011, the Corporation purchased for cash of $2,427 the remaining 50% interest in Northern Illinois Imaging (NII), a partnership, which owned and operated magnetic resonance imaging (MRI) equipment in space leased by the Corporation Since acquisition, the operations have been reported in the Corporation and are included in the accompanying consolidated statements of operations and changes in net assets In connection with this acquisition, $2,450 was recorded as goodwill in the accompanying consolidated balance sheets The transaction was accounted for as an acquisition

On June 1, 2011, the Corporation acquired for cash certain assets of Rock Valley Women's Health Center, LLC, a physician practice, for $979 As a result of the acquisition, the Corporation expanded its physician network Acquisition-related costs were not significant and were expensed and included in professional fees in the accompanying consolidated statement of operations and changes in net assets for the year ended May 31, 2012 The goodwill of approximately $460 arising from the acquisition consists largely of the value of the assembled workforce that the Corporation brought into its operations The tangible assets acquired consisted of inventory and other assets of $119 and equipment of $400 The transaction was accounted for as an acquisition

Note 3. Contractual Arrangements with Third-Party Payors

The Corporation provides care to certain patients under Medicare and Medicaid programs The Medicare program pays for substantially all inpatient and outpatient services at predetermined rates under its corresponding prospective payment system based on treatment diagnosis The Medicaid program reimburses the Corporation for inpatient and outpatient services at predetermined rates Changes in the Medicare and Medicaid programs and reductions of funding levels could have an adverse effect on the future amounts recognized as net patient service revenue

The Corporation has also entered into payment arrangements with certain managed care organizations The basis for payment to the Corporation under these agreements includes prospectively determined rates per discharge, daily rates and discounts from established charges

Medicare, Medicaid, and managed care arrangements account for 28%, 11%, and 42% of net patient service revenue for the year ended May 31, 2013, respectively, and 27%, 11%, and 43% for the year ended May 31, 2012, respectively Provision has been made in the consolidated financial statements for estimated contractual adjustments, representing the difference between the standard charges for services and actual or estimated payment

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party arrangements Major components of net patient accounts receivable, before allowances for uncollectible accounts, include 14% from Medicare, 12% from Medicaid, and 36% from managed care contracts at May 31, 2013, and 13% from Medicare, 26% from Medicaid, and 28% from managed care contracts at May 31, 2012

Estimates for cost report settlements and contractual allowances can differ from actual reimbursements based on the results of subsequent reviews and cost report audits Changes in estimated third-party valuation allowances that relate to prior years are reported in revenue in excess of expenses in the

Note 3. Contractual Arrangements with Third-Party Payors (Continued)

consolidated statements of operations and changes in net assets The impact of such items on revenue in excess of expenses was an increase of approximately $2,637 and $2,360 for the years ended May 31, 2013 and 2012, respectively

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states While management cannot predict the impact of future RAC audits or their effects on the consolidated statements of operations and changes in net assets or cash flows, management believes recorded reserves adequately provide for potential findings and adjustments

In December 2004, the Centers for Medicare & Medicaid Services (CMS) approved State of Illinois (State) legislation for a Medicaid Hospital Assessment Program (Program) relating to the period May 9, 2004 to June 30, 2005 The laws and regulations authorizing this Program initially expired on June 30, 2005, but have been extended for the period July 1, 2005 to June 30, 2014 There is no assurance of the continuation of this Program after June 30, 2014 However, the State is seeking CMS approval to enhance and extend the current Program until December 31, 2014 Under the current Program, the Corporation received additional Medicaid reimbursement from the State and paid a related assessment tax Total assessment revenue recognized by the Corporation related to this Program amounted to $22,586 and $23,335 during the years ended May 31, 2013 and 2012, respectively Total assessment tax incurred by the Corporation related to this Program amounted to $7,650 and $7,649 during the years ended May 31, 2013 and 2012, respectively These amounts are shown in the consolidated statements of operations and changes in net assets as Pubic Aid assessment revenue and Public Aid assessment expense In connection with the Program, the Corporation made voluntary contributions to the Illinois Hospital Research and Educational Foundation (IHREF) of $193 during each of the years ended May 31, 2013 and 2012, which are included in other expense in the consolidated statements of operations and changes in net assets Under the current Program, the Corporation expects the net revenue from the Program for the years ending May 31, 2014 and 2015 to be approximately $14,675 and $1,223, respectively

On June 14, 2012, the Governor of Illinois signed the Save Medicaid Access and Resources Together (SMART) Act The SMART Act reduces by 3 5% all Illinois Medicaid payments received by hospitals (excluding Safety Net Providers, as defined, and Critical Access Hospitals) effective July 1, 2012

The SMART Act also includes an enhanced hospital tax assessment program that, if approved by the CMS, will extend the program through December 31, 2014 and generate additional funds that will be used to attract additional Federal matching funds The additional funds will be used to provide new hospital payments designed to preserve and improve access to hospital services for residents throughout Illinois If the State receives CMS approval to extend and enhance the Program, the Corporation expects the additional net revenue to be $7,596 in the year ending May 31, 2014 and $9,553 for the year ending May 31, 2015 Such payments are subject to change and are contingent upon CMS approval of the enhanced hospital tax assessment program

(Dollars in thousands)

Note 4. Charity, Uncompensated Care and Community Benefits

In the ordinary course of business, the Corporation renders medically necessary health services to patients who are financially unable to pay for such care Unreimbursed charges written off by the Corporation relating to uncompensated care provided to indigent patients under the Medicaid program and other patients who are unable to pay for services provided amounted to the following for the years ended May 31, 2013 and 2012

	2013	2012
Medicaid allowances	$ 229,473	$ 209,221
Provision for bad debts	30,745	28,018

The Corporation provides care to those patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates The Corporation maintains records to identify and monitor the level of charity care it provides Charity care is measured based on the Corporation's estimated cost of providing charity care That estimate is made by calculating the departmental ratio of cost to gross charges, and applying that ratio to uncompensated charges associated with providing charity care to patients The cost of charity care provided was $13,656 and $14,074 for the years ended May 31, 2013 and 2012, respectively

In addition, the Corporation, in furtherance of its commitment to the community, also incurs significant time and commits significant resources to meet otherwise unfulfilled needs Many of these activities are sponsored with the knowledge that they will not be self-supporting or independently financially viable These programs, oriented to the economically disadvantaged, medically underserved, or elderly, as well as to the community at large, include health screening and assessments, prevention, prenatal and nutritional services, and care for children

On April 1, 2009, the Illinois Hospital Uninsured Patient Discount Act (the Act) became law The Act requires hospitals to provide certain mandated discounts from charges to the uninsured in Illinois Charges are to be discounted up to 135% of cost for eligible uninsured Illinois residents, based on income and federal poverty guidelines Furthermore, a hospital may not collect more than 25% of an eligible uninsured family's gross income in any 12-month period The Corporation's charity care policy complies with the uncompensated care mandated under the Act

Note 5. Assets Limited as to Use and Investments

The composition of assets limited as to use and investments is as follows at May 31

	2013	2012
Mutual funds	$ 34,941	$ 25,986
Certificates of deposit	384	382
Money market funds	880	767
Corporate bonds and notes	47,480	29,868
Government and agency obligations	94,723	75,697
Equity securities	39,906	31,802
Other	95	92
	$ 218,409	$ 164,594

(Dollars in thousands)

Note 5. Assets Limited as to Use and Investments (Continued)

These amounts are included on the consolidated balance sheets as follows

	2013	2012
Short-term investments	$ 2,834	$ 2,173
Assets limited as to use		
Bond project fund	18,676	-
Internally designated for self-insurance fund	14,286	14,142
Internally designated for deferred compensation agreements	10,405	8,809
Investments	172,208	139,470
	$ 218,409	$ 164,594

Total unrestricted investment income (loss) from assets limited as to use, investments, and cash and cash equivalents consists of the following

	2013	2012
Investment income (loss) - unrestricted		
Interest and dividend income	$ 6,046	$ 6,348
Net realized gain from sale of investments	4,999	2,866
Net change in unrealized gains and losses on trading securities	4,143	(4,642)
Investment fee expense	(620)	(616)
	$ 14,568	$ 3,956

Note 6. Endowment Funds

The Corporation's endowment consists of 13 individual funds established for a variety of purposes Its endowment includes donor-restricted endowment funds As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

On June 30, 2009, the Governor of the State of Illinois signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA) UPMIFA differs from laws previously in place in a few key areas It eliminates the historic dollar value rule with respect to endowment fund spending, it updates the prudence standard for the management and investment of charitable funds, and it amends the provisions governing the release and modification of restrictions on charitable funds The passing of the UPMIFA law was determined to have no significant impact on the Corporation's classification of net assets or its policy

Note 6. Endowment Funds (Continued)

Interpretation of Relevant Law

The Board of Directors of the Corporation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary As a result of this interpretation, the Corporation classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those assets have been appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed in UPMIFA In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds

1 The duration and preservation of the fund,
2 The purpose of the Corporation and the donor-restricted endowment fund,
3 General economic conditions,
4 The possible effect of inflation and deflation,
5 The expected total return from income and the appreciation of investments,
6 Other resources of the Corporation, and
7 The investment policies of the Corporation

The Corporation's endowment net asset composition by type of fund is as follows for the years ended May 31

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 751	$ 2,001	$ 2,752	$ -	$ 517	$ 2,016	$ 2,533

(Dollars in thousands)

Note 6. Endowment Funds (Continued)

The changes in endowment net assets for the Corporation were as follows for the years ended May 31

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 517	$ 2,016	$ 2,533	$ -	$ 741	$ 1,972	$ 2,713
Investment return								
Investment gain	-	84	-	84	-	187	-	187
Net realized and unrealized appreciation (depreciation)	-	238	-	238	-	(266)	-	(266)
Total investment return (loss)	-	322	-	322	-	(79)	-	(79)
Contributions and other	-	-	(15)	(15)	-	-	44	44
Appropriation of endowment assets for expenditure	-	(88)	-	(88)	-	(145)	-	(145)
Endowment net assets, end of year	$ -	$ 751	$ 2,001	$ 2,752	$ -	$ 517	$ 2,016	$ 2,533

Funds with Deficiencies

At May 31, 2013 and 2012, there were no endowment funds with deficiencies

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets to preserve capital while earning market rates without undue risk Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Corporation's policy is to invest endowment funds in both fixed income and equity securities with a maximum amount of equity securities at 70% Management believes this strategy will help to achieve the Corporation's long-term return objectives within prudent risk constraints

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Corporation's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period

(Dollars in thousands)

Note 7. Property and Equipment and Commitments

Property and equipment consist of the following at May 31

	2013	2012
Land and improvements	$ 28,038	$ 27,608
Buildings	135,022	130,782
Furniture and equipment	268,492	258,763
Construction in progress	32,364	12,837
	463,916	429,990
Less accumulated depreciation	264,251	245,891
	$ 199,665	$ 184,099

At May 31, 2013, the Corporation has commitments totaling approximately $18,783, of which $6,725 is for a variety of construction projects and equipment purchases, and $12,058 is for the construction of a regional cancer center expected to be completed by October 2013, and estimated to cost a total of $41,200 Depreciation expense during the years ended May 31, 2013 and 2012 was $20,908 and $20,767, respectively

(Dollars in thousands)

Note 8. Notes Payable and Long-Term Debt

Long-term debt consists of the following at May 31

	2013	2012
Illinois Finance Authority Revenue Bonds, Series 2004, coupon rates of 3 75% to 5 00%, yields of 4 39% and 4 78%, principal payable in varying installments due November 15 of each year through 2031	$ 82,815	$ 85,520
Illinois Finance Authority Revenue Bonds, Series 2010, fixed rate of 4 05%, $625 principal payable semiannually of each year through April 15, 2030	21,250	22,500
Illinois Finance Authority Revenue Bonds, Series 2012, coupon rates of 4 00% to 5 00%, yields of 4 16% and 4 39%, principal payable in term bonds due November 15, 2034, 2039 and 2043	41,445	-
Term note payable with a bank, collateralized by land, interest at 3 30%, payable in monthly installments of $102	3,040	4,146
Capitalized equipment lease	332	677
Sub-total	148,882	112,843
Unamortized bond premium	2,690	2,532
	151,572	115,375
Less current maturities	(5,797)	(5,626)
	$ 145,775	$ 109,749

Effective December 24, 2004, the Illinois Finance Authority, on behalf of the Hospital, issued $100,995 of fixed rate Revenue Bonds, Series 2004 (Series 2004 Bonds) The proceeds of the Series 2004 Bonds were used, together with other available funds, to pay or reimburse the Hospital for certain costs of acquiring, constructing, renovating, remodeling, and equipping certain health facilities of the Hospital, including, but not limited to, construction and equipping of a new four-story freestanding cardiac hospital facility and the renovation of the Hospital's existing inpatient/outpatient surgery area and cardiac catheterization laboratory, to pay previously outstanding debt obligations, and to pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds Effective April 19, 2010, the Illinois Finance Authority, on behalf of the Hospital, issued $25,000 of direct fixed rate Revenue Bonds, Series 2010 (Series 2010 Bonds) The proceeds of the bonds were used to repay a $25,000 note payable to a bank

(Dollars in thousands)

Note 8. Notes Payable and Long-Term Debt (Continued)

Effective September 27, 2012, the Illinois Finance Authority, on behalf of the Hospital, issued $41,445 of fixed rate Revenue Bonds, Series 2012 (Series 2012 Bonds) The proceeds of the Series 2012 Bonds were used, together with other available funds, to pay or reimburse the Hospital for certain costs of acquiring, constructing, renovating, and equipping of a comprehensive regional outpatient cancer care facility, and to pay certain expenses incurred in connection with the issuance of the Series 2012 Bonds

The Series 2004, 2010 and 2012 Bonds were issued pursuant to a Master Trust Indenture, as supplemented, which contains various covenants, including achievement of specified financial ratios and limitations on additional debt Among other covenants in connection with the loan agreements for the Series 2004, 2010 and 2012 Bonds, the Hospital has agreed to limit disposals of assets and transfers of cash to non-obligated affiliates The bonds are secured by unrestricted receivables of the obligated group as defined in the Master Trust Indenture The obligated group consists of the Hospital and the Foundation The Series 2004 bonds are guaranteed by a bond insurer As a provision of the Master Trust Indenture, the obligated group will execute a mortgage with respect to certain real and personal property and grant a security interest in its gross revenues, as defined in the Master Trust Indenture, if certain covenants are not maintained

Interest payments for the years ended May 31, 2013 and 2012 totaled $6,380 and $5,430, respectively

Interest cost incurred for the years ended May 31, 2013 and 2012 totaled $6,542 and $5,495, respectively The amount of interest capitalized for the years ended May 31, 2013 and 2012 totaled $1,820 and $244, respectively

The Hospital leases certain equipment under a capital lease obligation, which is payable in annual installments of $389, at an imputed interest rate of 4 05% The cost of the equipment acquired through a capital lease was $1,410 at May 31, 2013 Amortization expense on the capital lease for the year ended May 31, 2013 was $44

Maturities required on long-term debt at May 31, 2013 due in future years are as follows

Year Ending May 31,	Long-Term Debt	Capital Lease Obligation
2014	$ 5,238	$ 389
2015	5,422	-
2016	5,100	-
2017	4,540	-
2018	4,665	-
Thereafter	123,585	-
	148,550	389
Less amount representing interest	-	(57)
	$ 148,550	$ 332

Note 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets, $3,321 in 2013 and $1,896 in 2012, are available for medical education and other health care programs and property and equipment

Permanently restricted net assets, $5,821 in 2013 and $5,489 in 2012, are investments to be held in perpetuity and beneficial interests in perpetual trusts, the income from which is expendable to support health care services and is reported as increases in temporarily restricted net assets

Note 10. Fair Value Disclosures

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories

Level 1 – Quoted market prices in active markets for identical assets or liabilities
Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data
Level 3 – Unobservable inputs that are not corroborated by market data

The following is a description of the valuation methodology used for the Corporation's assets carried at fair value

Investment Securities – Level 1

The fair value of investment securities that are considered Level 1 is the market value based on quoted prices, when available, or market prices provided by recognized broker dealers

Corporate Bonds and Notes – Level 2

The fair value of corporate bonds and notes that are considered Level 2 is determined using a discounted cash flow model and inputs such as stated coupon, yield and maturity date as well as LIBOR or Treasury yield plus a credit spread based on other market data

Government and Agency Obligations – Level 2

The fair value of government and agency obligations that are considered Level 2 is determined based on the quoted yield on a Treasury security that is most similar to the security being valued, adjusted for variances in the maturity, coupon and other features

Beneficial Interest in Trust Assets – Level 3

The fair value of the beneficial interest in trust assets represents the Corporation's proportionate interest in the value of the trusts The fair values of the trusts were provided by the respective trustees

In determining the appropriate levels, the Corporation performs a detailed analysis of the assets and liabilities carried at fair value in the consolidated financial statements At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3

(Dollars in thousands)

Note 10. Fair Value Disclosures (Continued)

Fair Value on a Recurring Basis

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of May 31, 2013 and 2012

	May 31, 2013			
	Total	Level 1	Level 2	Level 3
Assets				
Investments and Assets Limited as to Use				
Mutual funds - equity securities				
Large-cap	$ 9,803	$ 9,803	$ -	$ -
Medium-cap	867	867	-	-
Small-cap	9,048	9,048	-	-
International	9,664	9,664	-	-
Mutual funds - debt securities				
U S Government Agency	3,568	3,568	-	-
Corporate bonds	1,991	1,991	-	-
Corporate bonds and notes	47,480	33,711	13,769	-
Government and agency obligations	94,723	84,304	10,419	-
Equity securities large-cap	39,906	39,906	-	-
Other	95	-	95	-
Beneficial interest in trust assets	4,274	-	-	4,274
	$ 221,419	$ 192,862	$ 24,283	$ 4,274

	May 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets				
Investments and Assets Limited as to Use				
Mutual funds - equity securities				
Large-cap	$ 7,997	$ 7,997	$ -	$ -
Medium-cap	722	722	-	-
Small-cap	5,916	5,916	-	-
International	5,938	5,938	-	-
Mutual funds - debt securities				
U S Government Agency	3,629	3,629	-	-
Corporate bonds	1,784	1,784	-	-
Corporate bonds and notes	29,868	26,583	3,285	-
Government and agency obligations	75,697	55,259	20,438	-
Equity securities large-cap	31,802	31,802	-	-
Other	92	-	92	-
Beneficial interest in trust assets	3,949	-	-	3,949
	$ 167,394	$ 139,630	$ 23,815	$ 3,949

(Dollars in thousands)

Note 10. Fair Value Disclosures (Continued)

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows

	Beneficial Interest in Trust Assets	
	2013	2012
Balance, beginning	$ 3,949	$ 4,419
Distributions	(195)	(116)
Increase (decrease) in value of beneficial interest in trust assets	520	(354)
Balance, ending	$ 4,274	$ 3,949

The following methods and assumptions were used by the Corporation to estimate the fair value of other financial instruments

- The carrying values of cash and cash equivalents, patient accounts receivable, notes receivable and other assets, accounts payable, accrued expenses and other, notes payable and estimated settlements due to third-party payors are reasonable estimates of their fair value due to the short-term nature of these financial instruments

- The estimated fair value of long-term debt is based on current traded value The fair value (including current maturities) is $150,696 and $114,354 at May 31, 2013 and 2012, respectively, and is considered a Level 2 estimate

Note 11. Operating Leases

The Corporation has non-cancelable operating leases for data processing, medical and office equipment and leased space The future minimum rental payments of these leases are as follows

Year Ending May 31,	
2014	$ 5,672
2015	3,748
2016	3,968
2017	3,754
2018	3,478
Thereafter	14,167
	$ 34,787

Rental expense for the years ended May 31, 2013 and 2012 totaled $12,692 and $13,352, respectively

Note 12. Benefit Plans

The Corporation has two defined-contribution pension plans covering substantially all employees Contributions depend upon employee earnings, length of service, and employee contributions The Corporation's contributions to these plans totaled $7,801 and $7,462 for the years ended May 31, 2013 and 2012, respectively

Note 12. Benefit Plans (Continued)

In addition, the Corporation sponsors a defined-benefit health care plan that provides postretirement medical benefits to the Corporation's and certain of its affiliates' employees and their dependents through age 70 Eligibility requirements are 20 years of service and the attainment of age 55 Effective January 1, 2000, retiree premiums cover the entire cost of coverage

Note 13. Deferred Compensation Agreements

The Corporation has deferred compensation plans for certain executives and physicians Certain plans are currently frozen and are recorded as an asset and a liability on the Corporation's consolidated balance sheets Activity primarily consists of distributions to participants and investment return There is no corporate contribution to the physician plans

Note 14. Insurance and Contingencies

The Corporation is self-insured for general liability and professional liability claims up to certain specified limits arising from incidents occurring after February 1, 1976 The Corporation carries claims-made professional and general liability insurance up to certain specified limits for claims in excess of self-insured retention Such coverage has been arranged through November 15, 2013 The Corporation carries claims-made professional liability insurance up to certain specified limits for its employed physicians Such coverage has been arranged through April 1, 2014

Accruals for self-insured professional liability risks are included in long-term liabilities on the consolidated balance sheets The amounts are determined by assessing asserted and unasserted claims identified by management's incident reporting system and are estimated by an independent consulting actuary based on industry and the Corporation's own historical reporting patterns using a discount rate of 5% at both May 31, 2013 and 2012 Although the ultimate settlement of these accruals may vary from these estimates, management believes that the amounts provided in the consolidated financial statements are adequate The insurance accruals could be adversely affected if actual payments of claims exceed management's projected estimates of claims

If accrued losses had not been discounted, the estimated liability would be approximately $3,192 and $2,759 higher than the amounts recorded in the consolidated balance sheets as of May 31, 2013 and 2012, respectively

The Corporation is funding its self-insured risks with a bank based on a report of consulting actuaries

The Corporation is a defendant in various lawsuits arising in the ordinary course of business Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Corporation's financial condition

Health care reform: As a result of federal health care reform legislation, substantial changes are anticipated in the United States health care system Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers, and the legal obligations of health insurers, providers, and employers These provisions are currently slated to take effect at specified times over substantially the next decade To date, this federal health care reform legislation has not materially affected the Corporation's consolidated financial statements

(Dollars in thousands)

Note 15. Income Taxes

SwedishAmerican Health Management Corporation (SAHM) is a for-profit corporation SAHM is a subsidiary of State and Charles, Inc and is treated as a consolidated group for federal and tax purposes State and Charles, Inc is a taxable subsidiary of the Corporation These combined taxable companies have operating loss carryforwards totaling approximately $8,249 at May 31, 2013, which expire as follows $4,365 in 2020, $2,507 in 2021, and $1,377 in 2022 State and Charles, Inc has operating income, which management expects will continue into the future The tax benefit of the net operating loss carryforwards is expected to be realized and no valuation allowance is recorded

Net deferred tax assets, included in notes receivable and other assets in the consolidated balance sheets, consist of the following components as of May 31

	2013	2012
Deferred tax assets–net operating loss carryforwards	$ 3,300	$ 3,470
Valuation allowance	-	-
Net deferred tax assets	$ 3,300	$ 3,470

The components of the income tax (provision) for the years ended May 31 are as follows

	2013	2012
Current	$ (3)	$ (396)
Deferred	(170)	(187)
Total income tax (provision)	$ (173)	$ (583)

Note 16. Functional Expenses

The Corporation provides general health care services to residents within its geographic location Expenses related to these functions for the years ended May 31, 2013 and 2012 are as follows

	2013	2012
Direct patient services	$ 403,681	$ 402,313
Support services	8,909	8,760
Fundraising	2,023	1,776
	$ 414,613	$ 412,849

Certain costs have been allocated between direct patient services and support services

(Dollars in thousands)

Note 17. Investments in Nonconsolidated Affiliates and Related Party Transactions

The Corporation has equity interests in the following organizations

- The Featherstone Partnership, L P , which operates a standalone surgery center located in Rockford, Illinois The Corporation's interest is 29%
- Northern Illinois Vein Clinic, a general partnership, which was formed to own and operate radio frequency equipment to treat vein conditions The Corporation's interest is 50%
- Ephraim, LLC, which was formed to own and operate an office building in Rockford, Illinois The Corporation's interest is 33%
- SwedishAmerican Health Alliance, a corporation, which was formed as a contracting agent for preferred provider contracts between the Hospital, physicians and consumers The Corporation's interest is 50%
- Three Rivers Partners, LLC, an Illinois limited liability company, was formed to establish an information technology consortium or cooperative servicing the Corporation and another health system The Corporation's interest is 50%
- TriLightNet, LLC, which was formed to manage a fiber optic network Three Rivers Partners, LLC is the sole member
- TriRivers Health Information Technology LLC, which was formed to manage a health information exchange network (HIE) Three Rivers Partners, LLC is the sole member

Aggregate unaudited financial information relating to these investments as of and for the years ended May 31 is as follows

	2013	2012
Assets	$ 21,683	$ 20,065
Liabilities	13,929	11,852
Net income	1,558	2,532

The Corporation's investment in nonconsolidated affiliates totaled $2,912 and $3,109 at May 31, 2013 and 2012, respectively, and is included in notes receivable and other assets on the consolidated balance sheets The Corporation's interest in the earnings of nonconsolidated affiliates totaled $562 and $1,136 for the years ended May 31, 2013 and 2012, respectively Approximately $353 is included in other operating revenue for the year ended May 31, 2012 and approximately $562 and $783 are included in other nonoperating income (loss) on the consolidated statements of operations and changes in net assets for the years ended May 31, 2013 and 2012, respectively

During the years ended May 31, 2013 and 2012, the Corporation realized revenue of approximately $959 and $919, respectively, primarily from the sale of services and rental of property to its affiliates During the years ended May 31, 2013 and 2012, the Corporation purchased services of approximately $3,971 and $2,465, respectively, from one of its affiliates

McGladrey

Independent Auditor's Report
on the Supplementary Information

To the Board of Directors
SwedishAmerican Health System Corporation
Rockford, Illinois

We have audited the consolidated financial statements of SwedishAmerican Health System Corporation and Subsidiaries as of and for the years ended May 31, 2013 and 2012, and have issued our report thereon, dated August 26, 2013, which contains an unmodified opinion on those consolidated financial statements See page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole

The supplementary information 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 2013 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements 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 consolidated financial statements as a whole

McGladrey LLP

Rockford, Illinois
August 26, 2013

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SwedishAmerican Health System Corporation and Subsidiaries

Consolidating Balance Sheet
May 31, 2013
(Dollars in thousands)

Assets	Consolidated	Eliminations	Swedish-American Hospital and Subsidiaries	Swedish-American Health System Corporation	Swedish-American Realty Corporation	LSG Building Corporation	Swedish-American Health Management Corporation	State and Charles, Inc
Current Assets								
Cash and cash equivalents	$ 26,546	$ -	$ 26,546	$ -	$ -	$ -	$ -	$ -
Short-term investments	2,834	-	2,834	-	-	-	-	-
Assets limited as to use bond project fund	3,489	-	3,489	-	-	-	-	-
Patient accounts receivable, less allowances for uncollectible accounts	62,146	-	61,625	-	-	-	521	-
Inventories	6,530	-	6,530	-	-	-	-	-
Prepaid expenses and other assets	10,371	-	9,344	1,011	11	-	5	-
Total current assets	111,916	-	110,368	1,011	11	-	526	-
Other Assets								
Assets limited as to use								
Bond project fund, less current portion	15,187	-	15,187	-	-	-	-	-
Internally designated for self-insurance fund	14,286	-	14,286	-	-	-	-	-
Internally designated for deferred compensation agreements	10,405	-	10,405	-	-	-	-	-
Investments	172,208	-	172,208	-	-	-	-	-
Beneficial interest in trust assets	4,274	-	4,274	-	-	-	-	-
Contribution receivable from lead trust	281	-	281	-	-	-	-	-
Due from affiliated organizations	-	(16,714)	-	-	8,028	-	8,686	-
Deferred bond issuance costs, net	3,406	-	3,406	-	-	-	-	-
Goodwill	7,800	-	7,800	-	-	-	-	-
Intangible asset	9,001	-	9,001	-	-	-	-	-
Notes receivable and other assets	7,267	(30,221)	2,811	31,039	337	-	3,300	1
	244,115	(46,935)	239,659	31,039	8,365	-	11,986	1
Property and Equipment, net	199,665	-	181,518	-	16,904	1,149	94	-
Total assets	$ 555,696	$ (46,935)	$ 531,545	$ 32,050	$ 25,280	$ 1,149	$ 12,606	$ 1

(continued)

SwedishAmerican Health System Corporation and Subsidiaries

Consolidating Balance Sheet (Continued)
May 31, 2013
(Dollars in thousands)

Liabilities and Net Assets	Consolidated	Eliminations	Swedish-American Hospital and Subsidiaries	Swedish-American Health System Corporation	Swedish-American Realty Corporation	LSG Building Corporation	Swedish-American Health Management Corporation	State and Charles, Inc
Current Liabilities								
Accounts payable	$ 10,035	$ -	$ 10,019	$ -	$ 4	$ 3	$ 9	$ -
Accrued expenses and other	35,354	-	34,093	-	1,129	-	132	-
Estimated settlements due to third-party payors	30,023	-	30,023	-	-	-	-	-
Current maturities of long-term debt	5,797	-	4,654	-	1,143	-	-	-
Total current liabilities	81,209	-	78,789	-	2,276	3	141	-
Noncurrent Liabilities								
Long-term debt, less current maturities	145,775	-	143,878	-	1,897	-	-	-
Self-insurance	16,509	-	16,509	-	-	-	-	-
Due to affiliated organizations	-	(16,714)	10,816	5,808	-	90	-	-
Deferred compensation agreements	10,405	-	10,405	-	-	-	-	-
Other	267	-	267	-	-	-	-	-
	172,956	(16,714)	181,875	5,808	1,897	90	-	-
Total liabilities	254,165	(16,714)	260,664	5,808	4,173	93	141	-
Net Assets								
Unrestricted	292,389	(16,699)	261,739	26,242	21,107	-	-	-
Temporarily restricted	3,321	-	3,321	-	-	-	-	-
Permanently restricted	5,821	-	5,821	-	-	-	-	-
Capital stock	-	(3)	-	-	-	1	1	1
Additional paid-in capital	-	(30,218)	-	-	-	1,092	-	29,126
Retained earnings (deficit)	-	16,699	-	-	-	(37)	12,464	(29,126)
Total net assets	301,531	(30,221)	270,881	26,242	21,107	1,056	12,465	1
Total liabilities and net assets	$ 555,696	$ (46,935)	$ 531,545	$ 32,050	$ 25,280	$ 1,149	$ 12,606	$ 1

SwedishAmerican Health System Corporation and Subsidiaries

Consolidating Schedule of Operations
Year Ended May 31, 2013
(Dollars in thousands)

	Consolidated	Eliminations	Swedish-American Hospital and Subsidiaries	Swedish-American Health System Corporation	Swedish-American Realty Corporation	LSG Building Corporation	Swedish-American Health Management Corporation	State and Charles, Inc
Unrestricted revenues, gains and other support								
Net patient service revenue	$ 415,980	$ -	$ 415,980	$ -	$ -	$ -	$ -	$ -
Provision for bad debts	(30,745)	-	(30,745)	-	-	-	-	-
Net patient service revenue less provision for bad debts	385,235	-	385,235	-	-	-	-	-
Public Aid assessment revenue	22,586	-	22,586	-	-	-	-	-
Other revenue	14,558	(10,658)	11,184	-	7,737	-	6,295	-
Net assets released from restrictions - used for operating purposes	394	-	394	-	-	-	-	-
	422,773	(10,658)	419,399	-	7,737	-	6,295	-
Expenses								
Salaries and employee benefits	215,968	105	213,628	179	-	-	2,056	-
Supplies and purchased services	102,657	(9,746)	104,928	1	3,965	-	3,509	-
Professional fees	23,478	-	23,331	98	23	-	26	-
Management fees	6,681	(42)	6,601	-	122	-	-	-
Depreciation and amortization	20,953	-	20,103	-	825	-	25	-
Interest	4,677	-	4,555	-	122	-	-	-
Utilities	3,598	-	3,172	-	425	-	1	-
Repairs and maintenance	11,920	(975)	12,257	-	448	-	190	-
Insurance	10,649	-	10,575	-	53	-	21	-
Public Aid assessment expense	7,650	-	7,650	-	-	-	-	-
Other	6,382	-	5,594	33	745	4	6	-
	414,613	(10,658)	412,394	311	6,728	4	5,834	-
Operating income (loss)	8,160	-	7,005	(311)	1,009	(4)	461	-
Nonoperating income (loss)								
Investment income	14,568	-	14,446	-	122	-	-	-
Income tax (provision)	(173)	-	8	-	-	-	(181)	-
Other	562	-	595	41	(74)	-	-	-
	14,957	-	15,049	41	48	-	(181)	-
Revenue in excess of (less than) expenses	$ 23,117	$ -	$ 22,054	$ (270)	$ 1,057	$ (4)	$ 280	$ -